

## Willey Mail To President Was Warm And Cordial

### New Voter Surveys Show Clinton's Rating Stays High, Possibly Rising

By Brian Knowlton  
International Herald Tribune

WASHINGTON — As Clinton administration aides sought to counter the latest allegations of sexual misconduct by the president, polls made public Tuesday show that public support for his job performance remains at record levels and may even be rising.

Following a widely viewed television interview in which a former White House volunteer, Kathleen Willey, accused President Bill Clinton of unwanted sexual attentions during a meeting in November 1993, White House aides took the unusual step of making public notes and letters from Mrs. Willey to Mr. Clinton, some sent within days of the meeting, in which she adopts a cordial, even admiring, tone.

She signed a note sent before the meeting, "Fondly, Kathleen." In others after the meeting, she expressed a "willingness to help you in any way that I can" and referred to herself as Mr. Clinton's "number one fan."

Women's groups shaken by Willey testimony. • Republicans uneasily ponder their options. Page 3.

Robert Bennett, one of Mr. Clinton's private attorneys, suggested to an interviewer that Mrs. Willey might be motivated by financial gain.

Speaking on CNN, he said that her appearance Sunday on the television program "60 Minutes" was intended to improve prospects for a \$300,000 book deal. Her attorney later denied that.

Mrs. Willey was not paid by CBS for the "60 Minutes" appearance, according to a spokesman at the network's headquarters. He said it was not the program's practice to pay for interviews.

White House aides denied that they were engaging in an attempt to undermine the credibility of Mrs. Willey, a longtime Democratic Party activist, saying that they were simply trying to explain why the president was "mystified," as he said Monday, by her account.

The White House spokesman, Michael McCurry, said of the strategy in making public the correspondence: "I think that there was an effort to put factual material out so that Americans could place this story in context. Obviously we hope that context is more favorable to the president. But it is not done with any sense of animosity toward Mrs. Willey."

Clinton defenders had expressed concern that the televised account Sunday from a seemingly poised and reserved

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Robin Cook, Britain's foreign secretary, mobbed by rightist protesters and shielded by Israeli policemen as he toured the East Jerusalem neighborhood of Har Homa on Tuesday.

## Visit to Project Sparks A British-Israeli Spat

### Cook Denies He Broke Word to Netanyahu

Compiled by Our Staff From Dispatches

JERUSALEM — Israel and Britain engaged in full-scale diplomatic fisticuffs Tuesday over a visit by the British foreign secretary, Robin Cook, to a disputed Jewish housing project in Jerusalem.

Prime Minister Benjamin Netanyahu's office said the Israeli leader had cut short a meeting with Mr. Cook and canceled a dinner after Mr. Cook surveyed the site, Har Homa, with a Palestinian legislator.

Israel said Mr. Cook had broken a promise to see the site with Israeli officials by meeting the lawmaker, Salah Ta'mari.

"I would expect from such a person who wants to help advance agreements that he himself will abide by his own agreements," Defense Minister Yitzhak Mordechai said.

But Mr. Cook denied breaking a promise, saying that he had not agreed to shun Palestinians at the site, while British officials responded angrily to the

Israeli snub. "This is an extreme reaction and does not bode very well for the future," one British official said.

The Palestinian leader, Yasser Arafat, called Israel's reaction a provocation.

"I'm sorry to say that this is abnormal," Mr. Arafat told a group of visiting Egyptian reporters in Gaza.

Mr. Cook, on his first Middle East tour as foreign secretary, had hoped to breathe new life into ailing Israeli-Palestinian peace talks, deadlocked since Israeli bulldozers broke ground on the hilltop site of Har Homa one year ago on Wednesday.

His visit to the site on the edge of Arab East Jerusalem was intended to signal British and European Union opposition to continued Jewish settlement expansion on occupied land.

See ISRAEL, Page 7

## Trouble Talking the NATO Talk

### 3 Candidates Lag on English and Civilian Control

By Christine Spolar  
Washington Post Service

WARSAW — As the U.S. Congress moves toward approving NATO expansion, the three aspirants of Eastern Europe are quietly being told to step up the pace and scope of basic reforms such as language training and civilian control of their militaries.

Diplomats and military experts from Poland, Hungary and the Czech Republic acknowledge that, since invitations were offered by the North Atlantic Treaty Organization in July, the countries have fallen behind in key areas that ensure compatibility with the West.

Training in English — much touted as a goal last year — is lagging in all three countries. Nearly nine years after the fall of communism, none of the armies of the three countries has more than a few hundred officers who can speak NATO-standard English, and even those figures, clearly embarrassing to some military leaders, are open to debate.

Interviews with politicians, analysts and mil-

itary officers also show that the three countries still are struggling, to varying degrees, to achieve or maintain reforms such as civilian oversight of their armies and air defense.

"I know many of our politicians are lying to themselves and saying, 'They tell us we have to do these things but we probably have more time,'" said Jiri Payne, a Czech Parliament member and former deputy defense minister. "My feeling is that people here still don't understand how much we need to change our system."

NATO's criteria for admission were largely political. Aspirants were invited for their ability, in part, to foster strong, stable democracies and market reforms. Since July, after a historic summit to expand the alliance, the three countries have come under tougher reviews. None of these former Communist countries are expected to have the arms or equipment to meet NATO standards. But they are being prodded more forcefully to ensure that their armies can fully communicate and coordinate with

See NATO, Page 4



Gordon Brown, chancellor of the Exchequer, outlining his budget Tuesday as Prime Minister Blair listened.

## U.K. Puts Work Ethic On Pedestal

### Budget Plan for 1999 Set to Raise Incentives As It Overhauls Taxes

By Tom Buerkle  
International Herald Tribune

LONDON — The Labour government of Britain formally enshrined the work ethic as the guiding principle of its economic policy Tuesday by announcing a major overhaul of taxes and government benefits designed to steer people toward work instead of welfare.

Gordon Brown, chancellor of the Exchequer, who outlined the measures in his first annual budget statement to the House of Commons, called the package a once-in-a-generation reform designed "to ensure that work always pays," and something "that rewards enterprise."

The government seeks, he said, to rebuild "a modern welfare state that, instead of trapping people in poverty, provides opportunity for all."

The centerpiece of the budget was a U.S.-style Working Families Tax Credit. The program, to be introduced in 1999, is designed to reduce bureaucracy and increase incentives to work by giving low-paid workers tax credits directly in their paychecks rather than

The chancellor of the Exchequer finds the spotlight. Page 4.

paying them separate welfare benefits. In addition, Mr. Brown announced a sharp reduction in social security payroll taxes for the low-paid and new tax breaks for child care to encourage more parents, particularly women, to work.

Prime Minister Tony Blair, who has elevated welfare reform to the top of Labour's agenda, called the budget a "defining moment" of his nine-month-old government. Mr. Brown also promised to keep government spending under firm control to prevent a repeat of Britain's postwar history of economic boom and bust. He said Britain was on track to run a balanced budget by 2000, and he pledged to keep it on that track by legislating a code of fiscal stability to constrain the spending powers of future governments.

The code would be a weaker version of the fiscal constraints adopted by those countries joining the single European currency and could ease Britain's eventual adoption of the euro.

The commitment to "stability and prudence" was intended to reassure financial markets as well as the millions of middle-class voters who ushered the Labour Party to power in May. But at the same time, Mr. Brown took advantage of the rapidly improving books to appeal to Labour's traditional constituency by announcing spending in-

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## Finland Aims to Give EU a 'Northern Dimension'

By Barry James  
International Herald Tribune

HELSINKI — When Finland joined the European Union just over three years ago, it brought with it for the first time an actual border — 1,300 kilometers long — with Russia.

Now it hopes also to bring for the first time to the 15-nation bloc a coherent strategy toward Moscow. Finland hopes to provide the EU with what Prime Minister Paavo Lipponen calls a "coordinated" Russian policy as it prepares to take over the presidency of the EU during the final six months of 1999.

The formal establishment of a "Northern Dimension" to European policy could, the Finns say, be the cornerstone of the EU summit meeting in Helsinki in December 1999.

"The Helsinki summit will probably be the last big political meeting in the world in this millennium

### Its Objective Is Coordination In Strategy Toward Russians

and therefore the expectations are heavy," said Petri Tuomi-Nikula, secretary-general at the Foreign Ministry for the Finnish presidency of the EU. "People are awaiting something which says something about the new millennium."

Mr. Lipponen, meanwhile, expressed disappointment at the slowness of the big EU member countries in developing common political and security policies, the most recent example of such failure being the lack of a joint position on Iraq. "They have not displayed the degree of cooperation we think is needed," he said in an interview at his office in the Parliament building here.

In northern Europe, "We need a coordinated

policy," he said. "We have to define the common interests of all our 15 members vis-a-vis Moscow, work out a practical policy and finally devise a system of coordinating those policies."

The prime minister said that major issues were piling up, making it necessary to come to joint policy decisions quickly.

For example, he said, within 20 years the EU will depend for up to 70 percent of its natural gas on deposits in the Barents and Kara sea areas of Russia. How will the pipelines be built and financed? Where will they end?

Potential environmental disasters need to be confronted. Russian nuclear-powered ships and submarines are rotting in harbors just across the frontier in the Kola Peninsula. Deteriorating Chernobyl-type nuclear reactors near St. Petersburg need to be de-

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## Despite a Ban, U.S. Trains Indonesian Military Units

By Tim Weiner  
New York Times Service

WASHINGTON — The Pentagon has been training Indonesian military forces since 1992, despite a congressional ban intended to curb human rights abuses by those soldiers, Defense Department documents show.

The Indonesian forces trained by the Pentagon include a special-forces commando unit called Kopassus, which human rights groups say has tortured and killed civilians. The unit has received training from U.S. special-operations soldiers in skills like psychological warfare and reconnaissance missions.

Pentagon officials said the training program was entirely legal, since it took place under a program different from the one curtailed by Congress. Deputy Defense Secretary John Hamre said in a letter to a member of Congress last month that the training "enhances rather than diminishes our ability to positively influence Indonesia's human rights policies and behavior."

Some members of Congress question

that. Representative Christopher Smith, Republican of New Jersey, said the training program appeared "to be a dramatic end run around the rules that Congress has carefully prescribed for military training and education of Indonesian forces."

[In Jakarta, a U.S. Embassy spokesman, Craig Stromme, said that the exercises had been conducted with many countries and had been announced as they occurred, Reuters reported. "We haven't tried to keep the exercises secret," he said.]

Indonesia is undergoing its greatest political and economic crisis since President Suharto took power in 1965. Last week, the newly appointed defense minister, General Wiranto, warned that the government would crack down hard on demonstrators protesting repression and corruption.

The troops trained by the Pentagon over the past five years include only Kopassus, whose Red Berets have been deployed this year against demonstra-

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PROMOTED — Zhu Rongji, China's premier, is named in the new constitution. Page 5.

## AGENDA

### Senate Panel Clears Bill to Reform IMF

WASHINGTON (Reuters) — The U.S. Senate Appropriations Committee approved compromise legislation on Tuesday to fund and reform the International Monetary Fund.

The package, which includes \$18 billion for the fund, was approved by a vote of 26 to 2. In a snub to the United Nations, the committee did not include funding to pay for U.S. arrears to that world body.

The bill calls on the IMF to be more open to congressional audits and reviews. It also urges countries that receive IMF aid to treat domestic and foreign creditors more equally and comply with international trade rules. It requires regular reports by the Treasury on IMF operations.

### JAL's Top 2 to Resign Over Looming Losses

The president of Japan Airlines Co., Akira Kondo, said that he and the company's chairman, Susumu Yanagi, would resign over losses stemming from increased competition and failed resort developments. JAL forecast a group net loss of 70 billion yen (\$502 million) for the year, 65 billion yen more than its earlier estimate. Page 13.

## Brain (and Muscle) Drain Over, Irish Head Home

By John Burgess  
Washington Post Service

DUBLIN — Sons and daughters of Ireland, come home. The call is going out as the long-highted island they left is reborn as the booming "Celtic Tiger," and they are heading it, reversing one of the largest and longest migrations in history.

Aine O'Dwyer quit a job at the World Bank in Washington to help sell computers here. Maurice McKiernan left carpentry work in London to get in on a Dublin construction boom. Fergus and Mary Delagay came back from 11 years in New York and New Mexico to open a pottery business.

"I see a lot of opportunity now," said Jimmy Harrington, 31, as he prepared to leave New York to work in Dublin for the U.S. financial services com-

pany Bankers Trust. "There was no opportunity when I was 21."

The numbers are comparatively small — in the year ending in mid-April last year, Ireland took in about 15,000 more people than it sent abroad, some of them foreigners. But the impact on the national spirit is almost immeasurable.

A departure abroad used to be like a death in the family. The person was gone forever, and over the decades the pain of separation helped to define Irish life. It hit just about every family — the island's population of 3.2 million today is down from a peak of about 8 million in 1845, largely as a result of emigration.

But now there is a very good chance that a recently departed family member will return.

"It's an historical change," said Mary Corcoran, a sociologist at the National University of Ireland who

has studied reversal of the flow. "We've always seen ourselves as an emigrant country," she said, adding, "The story of the '90s is people coming home."

Resettling the newcomers has become something of a cottage industry. Bookstores offer titles that advise on how to find a job, where to go for the singles scene, what's available in theater. Real estate agents work with those who return to find apartments and houses. Government agencies coach them on such things as how to transfer their health insurance from their former country of residence.

They return to a country that is Europe's great success story of economic expansion and keeps chugging along despite the collapse of "miracle" economies in Asia. Through a combination of deregulation, low taxes, dogged promotion and hard work, Ireland

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Newsstand Prices

Andorra	10.00 FF	Lebanon	11.300
Antilles	12.50 FF	Morocco	16 Dh
Arabia	1.600 CFA	Qatar	10.00 QR
Egypt	SE 5.50	Ruanda	12.50 FF
Gabon	10.00 FF	Saudi Arabia	10 SR
Ghana	1.100 CFA	Senegal	1.100 CFA
Holy	2.800 Lire	Spain	225 Ptas
Italy	1.250 CFA	Tunisia	1.250 Din
Jordan	1.250 JD	U.A.E.	10.00 Dh
Kuwait	700 Fils	U.S. MR. (Eur.)	1.120

The Dollar		
New York	Tuesday @ 4 P.M.	previous close
DM	1.8189	1.8189
Pound	1.8743	1.868
Yen	128.82	129.81
FF	6.0985	6.0975

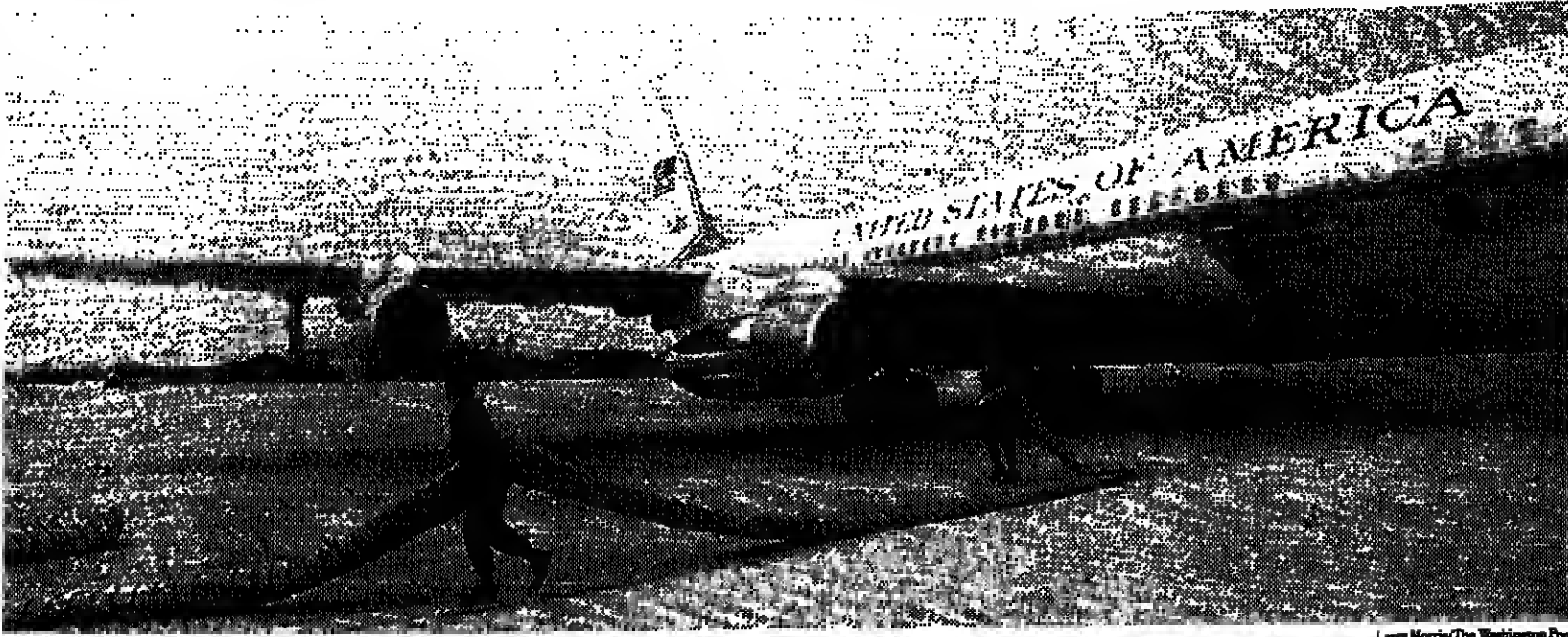
The Dow		
	Tuesday close	previous close
+31.14	8749.99	8718.85

S&P 500		
change	Tuesday @ 4 P.M.	previous close
+1.15	1080.42	1079.27



## Flights of History / 707 Entered Service in 1963 for Kennedy



Larry Maritz/The Washington Post

## Time Finally Grounds the Original Air Force One

By Steve Vogel  
Washington Post Service

**W**ASHINGTON — It carried President John F. Kennedy to Berlin in 1963, and later that year brought his body home from Dallas. Lyndon B. Johnson was sworn in as president on board, Richard Nixon flew it to China and last year the blue and white Boeing 707 ferried Secretary of State Madeleine Albright to Hong Kong for ceremonies marking the transfer of the British colony to China.

But now the air force is getting ready to retire the plane known as SAM 26000, or — as it is more commonly known under the call sign it carried for more than 35 years whenever the president was on board — Air Force One.

"This is one of those bittersweet moments," Brigadier General Arthur Lichte, commander of the 89th Airlift Wing at Andrews Air Force Base in Maryland, said Monday. "We're getting ready to say good-bye to probably our most historic aircraft."

SAM 26000 has given way over the years to more modern aircraft as the first choice in presidential flying. But the redoubtable plane remained a mainstay of the fleet used by high-ranking Executive Branch officials — last year it made 200 flights to 58 countries.

Now, however, the air force has decided that high maintenance and operating costs mean that it is time for retirement. The plane will fly its last operational mission later this month, be officially retired in May and then go on permanent display after a final flight to an air force base in Ohio.

On Monday, a retired air force chief master sergeant, Joe Chappell, and two other former crew members boarded their old plane for one of its last flights, a two-hour media tour. Mr. Chappell was on board the day SAM 26000 (SAM standing for

Special Air Missions, and 26000 the tail number) arrived at Andrews in October 1962, replacing a smaller, slower Boeing.

Mr. Kennedy had decided that the new aircraft needed a distinctive look. The result has carried on more or less unchanged to this day: a blue and white color scheme with "United States of America" emblazoned on the side of the fuselage.

The jet carried Mr. Kennedy to Berlin in June 1963, where he delivered his "Ich bin ein Berliner" speech to an enormous, cheering crowd. "We'll never have another day like this one," Mr. Kennedy told aides upon reboarding Air Force One.

Nearly six months later, Mr. Chappell was aboard the flight to Dallas. He recalled Monday how happy the Kennedys had seemed at the start of the trip. "It was a day of happiness," he said.

Waiting at Love Field in Dallas while the president visited the city, the crew received word of the shooting. When they learned that the bear was bringing Mr. Kennedy's body back to Air Force One, it was Mr. Chappell who led the effort to cut open a bulkhead and remove seats in order to fit the coffin. "It just struck me that we could not put the fallen president's body in the cargo compartment," Mr. Chappell said.

**S**OME of Mr. Kennedy's aides pushed for an immediate takeoff after the body was on board, but the vice president decreed otherwise. "Johnson came up to the cockpit and told us we weren't going anywhere — we were waiting for the judge" for the swearing-in ceremony, Mr. Chappell said.

In the years that followed, SAM 26000 took Mr. Johnson to Vietnam several times. Mr. Nixon rode it to the Pacific Ocean to greet the Apollo 11 astronauts back from the moon. It was SAM 26000 that spirited Henry Kissinger off to Paris for secret negotiations with the North Vietnamese starting in 1970.

After Mr. Nixon's groundbreaking trip to China in 1972, SAM 26000 moved into a backup role with the arrival of a new Boeing 707.

It moved further into the background in 1986, when Boeing 747s were purchased for the new Air Force One fleet.

**S**AM 26000 continued flying, primarily carrying vice presidents and secretaries of state and defense, but also every president, including Bill Clinton.

In 1981, it carried three former presidents — Mr. Nixon, Gerald Ford and Jimmy Carter — to the funeral of President Anwar Sadat of Egypt. Nonetheless, it was Secretary of State Alexander Haig, representing President Ronald Reagan, who commanded the choice conference room.

"The pecking order was quite unusual," said a retired chief master sergeant, Stan Goodwin, who served as radio operator. "I remember at one point you had three presidents and Dr. Kissinger all standing in line waiting to use the bathroom." Mr. Goodwin said. "That was pretty interesting."

The crews that operate it today consider SAM 26000 a great flier and maybe the most reliable aircraft in the fleet.

"If you took a poll, you'd find it's about everyone's favorite plane," said Major Scott Turner, the pilot for the flight Monday. "I really love this airplane," said Master Sergeant Rick Parker, the flight engineer. "It's paid its dues. It's time to give it a rest."

In January, when another jet carrying President Clinton got stuck in the mud in Champaign, Illinois, SAM 26000 came to the rescue.

On hand as a backup — standard procedure for any presidential flight — the old plane took Mr. Clinton on board and flew him back to Washington, adopting the call sign Air Force One for what was probably the last time.

## Ankara Survives Vote Over Head-Scarf Ban

By Stephen Kinzer  
New York Times Service

**ISTANBUL** — A bright-eyed medical student hardly seems the sort to touch off a national crisis, but Tulyo Erdogan and her friends are at the heart of an intense new conflict between secularism and conservative Islam in Turkey.

Many Turks thought this conflict was resolved last year when the Islamic-oriented government of Necmettin Erbakan was forced out of power. In the last few weeks, however, the conflict has erupted anew, complete with sharp warnings from top military commanders, dire predictions by politicians, mass demonstrations and pledges of undying defiance from devout Muslims.

[Although the conflict, over a ban on the wearing of traditional Islamic headscarves, had appeared to threaten the government of Prime Minister Mesut Yilmaz, it defeated a parliamentary challenge Tuesday, Reuters reported from Ankara. The National Assembly voted, 266 to 213, to reject a motion to censure Education Minister Hikmet Ullugay over the ban.]

The main battleground in this latest confrontation is the campus of Istanbul University. That is where Miss Erdogan, 23, attended medical school until two months ago, when she was turned away for wearing the traditional Islamic headscarf.

Miss Erdogan's troubles began when the government, evidently acting at the behest of military commanders, issued a decree in January demanding that school administrators strictly enforce the secular dress code. The code, which dates from 1925, bans clothing that is deemed religious. It was first imposed by Mustafa Kemal Ataturk, founder and first president of the Turkish Republic, as part of his revolutionary restructuring of a society that had been ruled for centuries by a highly traditional theocracy.

When Miss Erdogan arrived to take a surgery examination at the end of January, she was turned away because she was wearing a headscarf. She was later forbidden to take other exams, and since the new term began last month she and scores of her classmates have been prevented from attending classes.

The decree was quickly embraced by the rector of Istanbul University, Kemal Alemdaroglu, who since taking office in December has shown himself to be an aggressive defender of secular principles. He ordered an absolute ban on headscarves, triggering a wave of angry demonstrations at which thousands of conservative Muslim students were joined by others who denounced the decree as undemocratic.

Mr. Alemdaroglu, faced with an incipient uprising, agreed to postpone the ban on headscarves until September. He insisted, however, that it be enforced at the medical school, arguing that since most doctors in Turkey work at state hospitals where headscarves are banned, female medical students should accustom themselves to going bareheaded.

Those who oppose the Muslim students accuse them of using the scarves and the argument of religious freedom to disguise larger motives — ultimately, support for an Islamic theocracy.

Miss Erdogan denied in an interview that her scarf has political meaning. "We love God, we read our Koran, we believe in our religion, and we want



Boris R. Winer/The New York Times

**Istanbul University students in Islamic garb walking on campus in front of a statue of Ataturk, who first imposed the secular dress code.**

to apply this religion in our lives," Miss Erdogan said. "What has happened in the last few weeks makes me very angry."

"It's bad to become a fanatic," she added, "but they are pushing us toward fanaticism."

Secularists, however, are convinced that even if young women like Miss Erdogan are sincere in asserting that they have no political motive, fundamentalists are quietly rejoicing at the political firestorm they have sparked.

"The headscarf is a symbol which represents an ideology," said Toker Dereli, an economics professor and member of the administrative board at Istanbul University. "Many people who like to see the scarves would also like to see a regime like the one in Iran. That suggests a totalitarian approach."

**■ Ciller Escapes Prosecution**

Turkey's appeals court ruled Tuesday that former Prime Minister Tansu Ciller could not be prosecuted on the basis of an allegation that she misused a government slush fund, Reuters reported. Prosecutors had objected in January to a previous appeals court decision that appeared to exonerate Mrs. Ciller from claims that she gave three embezzlers money from the fund to aid her conservative True Path Party.

## TRAVEL UPDATE

## Flights Resume in Cairo

**CAIRO (AFP)** — A sandstorm with winds of up to 70 kilometers per hour disrupted air traffic for a third straight day Tuesday, Cairo airport officials said.

But after more than two hours of stoppage because of visibility reduced to 150 meters (500 feet), flights resumed at the airport, they said. The authorities also said the Mediterranean port

of Alexandria remained closed Tuesday.

## Thais to Double Airport Tax

**BANGKOK (AP)** — The government approved on Tuesday a doubling of Bangkok's International Airport departure tax to 500 baht (\$12.40), effective April 1, a spokesman said. The tax at three other international airports — Chiang Mai, Hat Yai and Phuket — will also be raised to 500 baht.

## WEATHER

Forecast for Thursday through Saturday, as provided by AccuWeather.

Europe	Today	Low	High	Low	High
Algeria	21/20	12/10	22/10	12/10	22/10
Austria	18/18	8/8	18/18	8/8	18/18
Belgium	18/18	8/8	18/18	8/8	18/18
Denmark	18/18	8/8	18/18	8/8	18/18
France	18/18	8/8	18/18	8/8	18/18
Germany	18/18	8/8	18/18	8/8	18/18
Greece	18/18	8/8	18/18	8/8	18/18
Ireland	18/18	8/8	18/18	8/8	18/18
Italy	18/18	8/8	18/18	8/8	18/18
Japan	18/18	8/8	18/18	8/8	18/18
Netherlands	18/18	8/8	18/18	8/8	18/18
Norway	18/18	8/8	18/18	8/8	18/18
Poland	18/18	8/8	18/18	8/8	18/18
Portugal	18/18	8/8	18/18	8/8	18/18
Romania	18/18	8/8	18/18	8/8	18/18
Spain	18/18	8/8	18/18	8/8	18/18
Sweden	18/18	8/8	18/18	8/8	18/18
Switzerland	18/18	8/8	18/18	8/8	18/18
Turkey	18/18	8/8	18/18	8/8	18/18
U.K.	18/18	8/8	18/18	8/8	18/18
U.S.	18/18	8/8	18/18	8/8	18/18

**North America** Sunny and dry, with a few clouds in the morning. A cold front will move in from the north, bringing a chance of rain and snow showers. Windy and cold. A cold front will move in from the north, bringing a chance of rain and snow showers. Windy and cold. A cold front will move in from the north, bringing a chance of rain and snow showers. Windy and cold.

**Asia** Dry and much colder in the morning. A cold front will move in from the north, bringing a chance of rain and snow showers. Windy and cold. A cold front will move in from the north, bringing a chance of rain and snow showers. Windy and cold.

**South America** Sunny and dry, with a few clouds in the morning. A cold front will move in from the north, bringing a chance of rain and snow showers. Windy and cold. A cold front will move in from the north, bringing a chance of rain and snow showers. Windy and cold.

**Africa** Sunny and dry, with a few clouds in the morning. A cold front will move in from the north, bringing a chance of rain and snow showers. Windy and cold. A cold front will move in from the north, bringing a chance of rain and snow showers. Windy and cold.

**Oceania** Sunny and dry, with a few clouds in the morning. A cold front will move in from the north, bringing a chance of rain and snow showers. Windy and cold. A cold front will move in from the north, bringing a chance of rain and snow showers. Windy and cold.

**Antarctica** Sunny and dry, with a few clouds in the morning. A cold front will move in from the north, bringing a chance of rain and snow showers. Windy and cold. A cold front will move in from the north, bringing a chance of rain and snow showers. Windy and cold.

**Arctic** Sunny and dry, with a few clouds in the morning. A cold front will move in from the north, bringing a chance of rain and snow showers. Windy and cold. A cold front will move in from the north, bringing a chance of rain and snow showers. Windy and cold.

**Greenland** Sunny and dry, with a few clouds in the morning. A cold front will move in from the north, bringing a chance of rain and snow showers. Windy and cold. A cold front will move in from the north, bringing a chance of rain and snow showers. Windy and cold.

**Iceland** Sunny and dry, with a few clouds in the morning. A cold front will move in from the north, bringing a chance of rain and snow showers. Windy and cold. A cold front will move in from the north, bringing a chance of rain and snow showers. Windy and cold.

**Faroe Islands** Sunny and dry, with a few clouds in the morning. A cold front will move in from the north, bringing a chance of rain and snow showers. Windy and cold. A cold front will move in from the north, bringing a chance of rain and snow showers. Windy and cold.

**Shetland Islands** Sunny and dry, with a few clouds in the morning. A cold front will move in from the north, bringing a chance of rain and snow showers. Windy and cold. A cold front will move in from the north, bringing a chance of rain and snow showers. Windy and cold.

**Orkney Islands** Sunny and dry, with a few clouds in the morning. A cold front will move in from the north, bringing a chance of rain and snow showers. Windy and cold. A cold front will move in from the north, bringing a chance of rain and snow showers. Windy and cold.

**Hebrides** Sunny and dry, with a few clouds in the morning. A cold front will move in from the north, bringing a chance of rain and snow showers. Windy and cold. A cold front will move in from the north, bringing a chance of rain and snow showers. Windy and cold.

**Channel Islands** Sunny and dry, with a few clouds in the morning. A cold front will move in from the north, bringing a chance of rain and snow showers. Windy and cold. A cold front will move in from the north, bringing a chance of rain and snow showers. Windy and cold.

**Jersey** Sunny and dry, with a few clouds in the morning. A cold front will move in from the north, bringing a chance of rain and snow showers. Windy and cold. A cold front will move in from the north, bringing a chance of rain and snow showers. Windy and cold.

**Guernsey** Sunny and dry, with a few clouds in the morning. A cold front will move in from the north, bringing a chance of rain and snow showers. Windy and cold. A cold front will move in from the north, bringing a chance of rain and snow showers. Windy and cold.

**Manx** Sunny and dry, with a few clouds in the morning. A cold front will move in from the north, bringing a chance of rain and snow showers. Windy and cold. A cold front will move in from the north, bringing a chance of rain and snow showers. Windy and cold.

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**Isle of Jersey** Sunny and dry, with a few clouds in the morning. A cold front will move in from the north, bringing a chance of rain and snow showers. Windy and cold. A cold front will move in from the north, bringing a chance of rain and snow showers. Windy and cold.

**Isle of Guernsey** Sunny and dry, with a few clouds in the morning. A cold front will move in from the north, bringing a chance of rain and snow showers. Windy and cold. A cold front will move in from the north, bringing a chance of rain and snow showers. Windy and cold.

**Isle of Manx** Sunny and dry, with a few clouds in the morning. A cold front will move in from the north, bringing a chance of rain and snow showers. Windy and cold. A cold front will move in from the north, bringing a chance of rain and snow showers. Windy and cold.

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**Isle of Isola** Sunny and dry, with a few clouds in the morning. A cold front will move in from the north, bringing a chance of rain and snow showers. Windy and cold. A cold front will move in from the north, bringing a chance of rain and snow showers. Windy and cold.

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## Under New Pact, U.S. Airlines Gain 106 Japan Flights

The Associated Press

**WASHINGTON** — The U.S. Department of Transportation has approved 106 new weekly flights to Japan under an agreement resulting from the recently updated aviation pact between the two countries.

The agreement, announced Monday, tentatively awards the flights to six airlines: American, Delta, Continental, Hawaiian, Northwest and Trans World Airlines.

The cities awarded the new service to Japan are: Atlanta; Boston; Chicago; Dallas/Fort Worth; Detroit; Houston; Maui; Hawaii; Los Angeles; Newark; New Jersey; New York; Portland, Oregon; San Francisco; and St. Louis.

Transportation Secretary Rodney Slater and Japan's transport minister, Takao Fujii, signed the agreement — which updated a 46-year-old "open skies" treaty — over the weekend.

Japan's No. 2 carrier, All Nippon Airways, gained unrestricted rights to a number of U.S. destinations. Japan Airlines, the country's largest passenger carrier, already had unrestricted access to U.S. cities under the original agreement.

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## THE AMERICAS

## Willey Account Jars Women Who Back Clinton

By Thomas B. Edsall  
and Terry M. Neal  
Washington Post Service

WASHINGTON — Kathleen Willey's detailed description of President Bill Clinton's alleged attempt to kiss and grope her has fractured the support Mr. Clinton has been receiving from a key constituency: the leaders of liberal women's rights groups.

The credibility of Mrs. Willey, a former White House employee, and her apparent lack of an ideological axe to grind have prompted the heads of such groups as the National Organization for Women, the National Abortion and Reproductive Rights Action League and 9-to-5 to abandon public neutrality and become much more critical of the president.

I heard her story, and this was a woman who sounded credible, who told

a story that was compelling and believable," said Kate Michelman, president of the National Abortion and Reproductive Rights Action League.

"This is different from Monica Lewinsky, whose story goes back and forth, and you don't know what to believe," Ms. Michelman said, adding that Ms. Lewinsky "hasn't indicated any difficulty; whatever happened, she was a willing participant."

Kathleen Willey told a different story, Ms. Michelman said. "She was an unwilling participant."

The White House immediately tried to counter the impression of defections among women. The Democratic National Committee directed reporters to officials of the Women's Leadership Forum, a Democratic group.

Cynthia Friedman, a former national chairman of the group, said: "This is

what I know: The president issued a very flat denial about Willey's accusation, and I really believe in the president."

Throughout Mr. Clinton's dealing with the sexual harassment lawsuit filed by Paula Jones and more recently with allegations that he had sex with Ms. Lewinsky, a former White House intern, women generally have supported him, and leaders of liberal women's groups have remained neutral on, if not sympathetic to, his plight.

Women were crucial to Mr. Clinton's victory in 1996. If the election had been conducted only among men, Bob Dole would be president, elected by a one-point margin, 44 percent to 43 percent.

Mr. Clinton, however, defeated Mr. Dole among women by an overwhelming 54 percent to 38 percent.

While cautioning that nothing has been proved, Patricia Ireland, president

of the National Association for Women, spoke as if the weight of evidence was with Mrs. Willey.

"Seeing the interview was even more compelling than seeing the words on paper," Ms. Ireland said, referring to Mrs. Willey's appearance Sunday on the CBS news program "60 Minutes."

"I have to say she has a great deal of credibility," Ms. Ireland said in an interview.

On CNN, Ms. Ireland commented on Mrs. Willey's remarks on CBS and her deposition: "If it's true, it's sexual assault. He put his hand on her breast. He put her hand on his erection."

Now we're talking about, really, sexual predators and people who in positions of power use that power to take advantage of women," Ms. Ireland said.

Ms. Ireland still came under fire from the political right, where leaders accused her Monday of changing her tune because public opinion was likely to shift against Mr. Clinton or because members of the National Organization for Women are demanding that she take a tough stand.

Anita Blair, executive vice president of the Independent Women's Forum, said: "Ms. Ireland's statement was made 'not out of any concern about what the truth might be' but what her organization would support."

Susan Carpenter-McMillan, an adviser to Mrs. Jones, was asked Monday on the NBC show "Today" about Ms. Ireland's strong response regarding Mrs. Willey after providing "very little support for Paula Jones."

Ms. Carpenter-McMillan declared that Ms. Ireland "has ruined the women's movement."

"She's ruined the issue of sexual harassment," Ms. Carpenter-McMillan said. "One more time, we see a pattern of the only women that are going to be defended by Patricia Ireland and the likes are older, more educated Democrats."

In an interview Monday, Ms. Michelman said she defends Mrs. Jones's right to pursue her case, but added that her organization, the National Abortion and Reproductive Rights Action League, was not going "to jump on board in response to allegations promoted and funded by groups that have worked hard to deny women their constitutional and legal rights."

Representative Nita Lowey, a Democrat of New York and a longtime Clinton supporter, called Mrs. Willey's allegations "very serious and very troubling for those of us who have fought so hard against sexual harassment."

Anita Perez Ferguson, president of the bipartisan National Women's Political Caucus, said that while she considered the allegations "serious and disturbing," she wanted to remain circumspect.

"This is private litigation," she said. "It is grand jury testimony. With that in mind, we only have a few pieces of the puzzle."



Johnny Chung, left, and the California businessman's attorney, Brian Sun, speaking to the media after his court hearing in Los Angeles.

## Chung Pleads Guilty On Funding Abuses

LOS ANGELES — In a deal with government prosecutors, the California businessman and Democratic fund-raiser Johnny Chung has pleaded guilty to bank fraud, tax evasion and conspiracy in connection with \$20,000 in illegal contributions to the Clinton-Gore re-election campaign.

Mr. Chung, the fourth person charged in five weeks in an investigation of campaign finance abuses, has agreed to cooperate with authorities. Sentencing was set for July 20. He could face up to 37 years in prison and fines of more than \$1 million.

Mr. Chung, 43, admitted in federal court Monday to trying to exceed individual limits on campaign donations by reimbursing 20 contributors \$1,000 each for money they gave in a 1995 fund-raiser here. Mr. Chung also pleaded guilty to making \$8,000 in illegal donations to Senator John Kerry, Democrat of Massachusetts, in a 1996 event in Beverly Hills.

Mr. Chung's lawyer, Brian Sun, said his client would answer any questions by the federal Campaign Finance Task Force, which is investigating alleged campaign finance abuses. (NIT)

## Clinton Nominee For Judge Bows Out

WASHINGTON — Faced with probable rejection by the Senate, a Pennsylvania state judge has withdrawn her nomination for the U.S. District Court bench.

Judge Frederica Massiah-Jackson, who would have been the first black

woman to sit on the U.S. District Court in Philadelphia, withdrew in a letter to President Bill Clinton that asserted she had been subjected to an "unrelenting campaign of vilification and distortion" in a "politicized environment."

Republican leaders argued that she was soft on crime, biased against police and given to profanity on the bench, and said she would have been overwhelmingly rejected by the Senate in a vote that had been scheduled for Wednesday.

Senator Orrin Hatch, Republican of Utah and chairman of the Judiciary Committee, said: "Given the strong, bipartisan opposition from law enforcement groups, her demonstrated leniency in sentencing convicted criminals and the Judiciary Committee's concerns about her lack of candor throughout the nomination process, I believe withdrawing the nomination is the right thing to do."

Dissenting from that view, Senator Arlen Specter, Republican of Pennsylvania and a senior Judiciary Committee member, who led the fight for his fellow Pennsylvanian, praised her "tenacity and courage." He also criticized the committee's handling of the nomination, including a second hearing last week during which he said Judge Massiah-Jackson was asked details she could not possibly have remembered from cases 15 years ago.

Pennsylvania's other Republican senator, Rick Santorum, defended the handling of the nomination and said he would have voted against it.

If she had been rejected in a vote, Judge Massiah-Jackson would have been Mr. Clinton's first judicial nominee to be turned down by the Senate, even though Republicans have been waging a protracted battle with the administration over what they describe as "liberal" and "activist" nominees. (WP)

## Impeachment? An Uncertain Road

Wary House Republicans Weigh Options and Gauge Political Risks

By Guy Gugliotta  
Washington Post Service

WASHINGTON — The House Republican leadership is uneasily mulling over actions it could take against President Bill Clinton should the independent counsel, Kenneth Starr, send his evidence to Capitol Hill, and is finding more options — including impeachment — to be fraught with political risk, according to Republican sources.

Thus far, Newt Gingrich, the House speaker, Henry Hyde, the Judiciary Committee chairman, and other Republican leaders have shown no appetite for an impeachment inquiry, according to sources familiar with the leadership discussions. These sources said that they considered the discussions preliminary and, sensitive, and would talk about them only if they were not identified.

Reflecting the profound uncertainties, the sources said that developments such as the appearance of a former White House aide, Kathleen Willey, on CBS's "60 Minutes" Sunday had to be considered largely in a political context.

Whether or not her grand jury testimony and public allegations that Mr.

Clinton groped her in the White House help Mr. Starr's investigation, the congressional sources said the developments would have to cause a sharp downturn in the president's popularity and a consequent decision by at least some Democrats to abandon him before Republicans would consider impeachment.

Publicly, Mr. Gingrich maintained his cautious rhetoric. Speaking Monday in Smyrna, Georgia, he called Mrs. Willey's allegations "a very sobering story" from one of several "credible witnesses who have to at least be given a chance to have their story examined."

Still, even without impeachment, there is a list of other possible actions the House could take, each of which would require the House leadership to make dangerous preliminary decisions.

The first of these is to determine Mr. Starr's motivation, the sources said. Does he have evidence of impeachable "high crimes and misdemeanors"? Or is he just "punting to Congress," in the words of one source, because he has no case?

The sources pointed out that if the Republican leadership did not find the evidence compelling, it had no obligation

to accept it, and the case could end there. If it found the evidence strong enough to "cause concern" but not merit impeachment, one source said, the leadership could simply decide to publish it, or vote some kind of "censure" against Mr. Clinton, an idea first advanced by the Senate majority leader, Trent Lott.

Without an anti-Clinton groundswell, none of these options is likely to win wide approval, the sources said, and each is likely to enrage someone: Republican conservatives furious because the House is "copping out," said one source; Democrats furious at a Republican "witch hunt," or voters furious at the bounding of a popular president.

The sources said some members of the leadership have raised the possibility of creating a select committee to evaluate Mr. Starr's evidence, or even to conduct an impeachment inquiry.

[The appointment of a special House committee, however, "would be widely viewed as an unprecedented and unprincipled act of partisanship." Representative Charles Canady, Republican of Florida, wrote Mr. Gingrich in a letter Mr. Canady's office made public Tuesday, The Associated Press reported.]

## 'JFK Papers' - The End?

Former Paralegal Lived High on \$7 Million From Forgery, Mail Fraud Indictment Says

By Blaine Harden  
Washington Post Service

NEW YORK — A former paralegal has been arrested on federal charges that he forged the documents that he sold to collectors around the country for \$7 million on a claim that they linked President John F. Kennedy to a grab bag of sinister behavior.

Lawrence Cusack 3d, whose "JFK papers" tantalized and tempted the investigative reporter Seymour Hersh as well as the NBC and ABC networks before being discredited last year, was arrested at his home in the posh New York suburb of Southampton, Connecticut, and later released on bail.

He was charged with mail fraud and, if convicted, faces up to five years in prison and a fine of up to \$250,000.

A federal indictment said Mr. Cusack had bought his \$1.3 million home, a \$540,000 weekend house in Southampton, New York and several luxury cars after he began selling the JFK papers in 1993. Before that, he had worked as a paralegal in his late father's New York law firm, making a top salary of \$40,000.

The documents that he gave to Mr. Hersh indicated, among other things, that Mr. Kennedy had bought Marilyn Monroe's silence about an alleged affair by setting up a trust fund for the film star's mother.

The indictment says that a federal postal investigator found early drafts in Mr. Cusack's handwriting of the type-written agreements that bore the forged signatures of Mr. Kennedy and Miss Monroe. The documents were the spine of a planned chapter in Mr. Hersh's 1997 book, "The Dark Side of Camelot." The chapter was excised before publication because of widely publicized doubts about the authenticity of the papers.

■ JFK Kin Object to Sale

On the eve of a bitterly contested auction of Kennedy memorabilia, the former president's children broke their

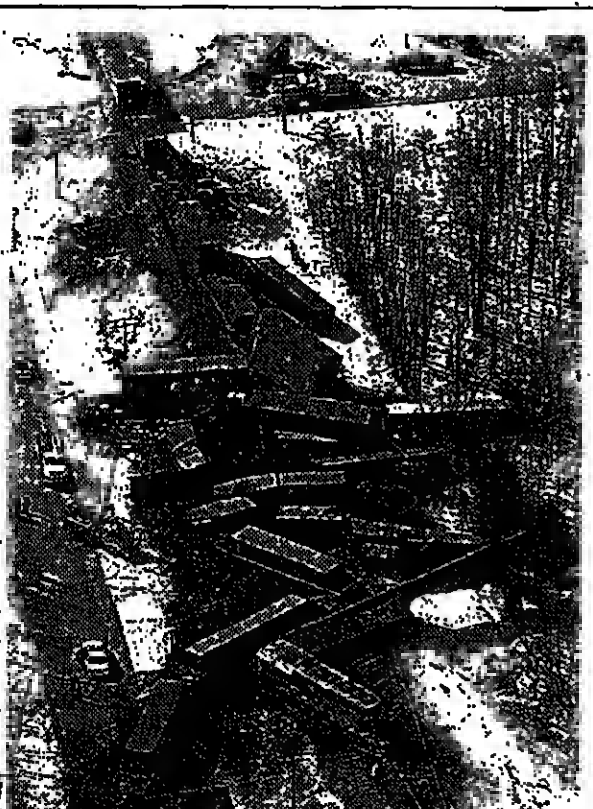
public silence about the event and released a statement that harshly criticized their father's longtime secretary, Evelyn Lincoln, for taking many of the personal items being put up for sale, The New York Times reported.

Caroline Kennedy and John Kennedy Jr. also pleaded in the statement issued Monday with the auction's principal contributor, Robert White, to return four objects that are in the sale.

Mr. White received many of the items that are to be auctioned from Mrs. Lincoln's estate after her death in 1995.

"It is now clear that Mrs. Lincoln took advantage of her position as our father's secretary, and later as the custodian of objects intended for the Library, by taking home with her countless documents and objects that had belonged to our father and the United States Government," the Kennedy children wrote.

It was most pointed attack yet on an auction that has stirred controversy and questions of provenance for months. Ariane Ettinger, president of Guernsey's, which is to conduct the sale Wednesday and Thursday in New York, challenged the Kennedys' contention that Mrs. Lincoln had wrongfully taken or held onto anything without their knowledge or consent.



FILEUP — Derailed railroad cars spilling onto a road after a train collided with a snowplow truck near Holland, Michigan, killing the truck driver.

## Away From Politics

• In the first such sustained deployment of B-2 Stealth bombers, the air force said it would send two of the high-tech jets to Guam from March 23 to April 3, for training operations. The planes, along with about 200 personnel, will deploy from the 509th Bomb Wing at Whiteman Air Force Base in Missouri, to Andersen Air Base on the Pacific island.

• A navy communications satellite that will relay spy photos and intelligence reports for the Defense Department has gone into orbit. The ultrahigh-frequency satellite, the eighth in a series of 10, should be operational by June. It is the first in the fleet to have a Global Broadcast Service communications system that will speed up the transmission of data to U.S. military forces equipped with small receiving terminals. (AP)

• A Wall Street banker plans to donate millions of dollars to help thousands of poor Los Angeles children attend the private schools of their choice in the fall of 1999, mirroring a similar philanthropic effort in Washington. The corporate takeover specialist Theodore Forsterman said the Los Angeles effort would be a larger version of the project he initiated last fall with the Wal-Mart heir, John Walton, in which the pair donated \$6 million to give vouchers to 1,000 children in Washington. (LAT)

• The post-office has decided to stop closing post offices. Postmaster General Marvin Runyon announced a moratorium on closings intended to consolidate routes and services. (AP)

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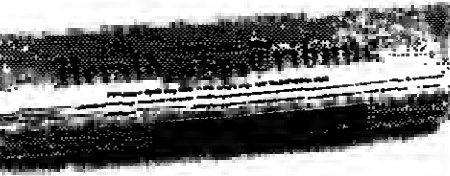
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## EUROPE

## Gordon Brown Basks Awkwardly in the Spotlight

By Warren Hoge  
New York Times Service

LONDON — Once described as a man who could brighten a room just by leaving it, Gordon Brown, the dark and brooding chancellor of the Exchequer, would seem to have no place in the luminous center ring of the image-conscious New Labour government. But on Tuesday, he was the one in the spotlight, presenting the first full Labour budget in 20 years to a packed House of Commons and confirming his role as Prime Minister Tony Blair's first man.

In what Mr. Blair called a "defining moment" of his nine-month-old government, Mr. Brown outlined the economic centerpiece of the government's center-piece pledge to give people incentives to get out of welfare.

In economic and social policy-making, Mr. Brown enjoys an independence from 10 Downing Street that no one else in the highly controlled and centralized Blair government does. Behind his sole prominence in the nationally televised proceedings Tuesday is an association between two new arrivals in Parliament in

1983 that foundered on charges of betrayal in the struggle for party leadership and now seems to have arrived at a complementary harmony. Their fortunes are intertwined, and their relationship is pivotal to the success of the government.

Called the "Iron Chancellor" for his tight-fisted approach to spending and his commitment to ending Britain's "boom and bust" cycles, Mr. Brown has provided Labour with a level of confidence in the financial community it has never known, furthering Mr. Blair's campaign to replace the Conservatives, the dominant party for much of this century, as the party of Britain's center.

The two men provide abundant ingredients for an Odd Couple production. Mr. Blair, 44, is bristly well-spoken, trimly tailored, and capable of producing a beaming smile at the appearance of a crowd of one. Mr. Brown, 47, is studiously inelegant with a wardrobe of interchangeable navy suits, white shirts and red ties, his fingernails gnawed to the cuticles, his rare public smile a frozen rictus appearing at unsettlingly inappropriate moments like when he is discussing unemployment or mass poverty.

His handlers have been unable to coax from him in public the fine-boned wit and shoulder-heaving laughter that he freely exhibits in private.

Mr. Blair is an Oxford graduate with an unremarkable academic record, a long-haired, guitar-playing rebellious period in his adolescence and a late commitment to Labour activism. Mr. Brown is a Church of Scotland minister's son who observed the human costs of deindustrialization in his teens and became politically engaged. He had a spectacular career in Britain's most demanding school system, graduated at age 19 from the University of Edinburgh with high honors in history and as a member of Parliament passed up London dinner-party politics on the weekends for solitary door-to-door attention to his gritty constituency.

Mr. Brown once harbored the expectation of being prime minister himself and has not abandoned it even though his next opportunity is likely nine years away. When John Smith, the leader of the Labour Party, died of a heart attack in 1994, Mr. Brown was the anticipated choice of the rank and file, but he did not

reckon with the ambition of his closest parliamentary friend, Mr. Blair.

In a now famous showdown dinner at Mr. Blair's corner hangout, a restaurant called Granita in Islington, Mr. Brown yielded to arguments that the younger man's public appeal in an era of sound-bite campaigns held more promise for a Labour victory than his candidacy would.

A biography written with Mr. Brown's cooperation and published last month revealed that Mr. Brown harbored a grudge over what he felt was Mr. Blair's betrayal of a pledge to let him run and that he felt he would have defeated Mr. Blair had he challenged him.

Born in Glasgow, the young Mr. Brown was steered to a special program for intellectually gifted students and entered Edinburgh University at 16. He achieved his honors record despite an injury in a rugby match in his first year that cost him the sight in his left eye.

Using a little-known clause covering student politics, he was elected rector of the university, giving the precocious 20-year-old authority over men and women twice his age. He resisted campaigns by



Mr. Brown displaying an uncharacteristic smile Tuesday as he left his official residence with the traditional budget box containing his speech.

the elders to unseat him, commenting afterwards, "It was an early lesson in how to tackle the establishment."

Seeing his father's parishioners in the needy Govan district of Glasgow gave him an early sense of service and a dutiful Calvinist social conscience. He embraced socialism and the Labour Party, composing pamphlets that argued for the forced redistribution of wealth and curbs on the "uneven and uncontrolled development of British capitalism."

He ran for Parliament unsuccessfully in 1979 and then in 1983 won his present seat in the town of Kircaldy, a town on the other side of the Firth of Forth from Edinburgh.

In Westminster, he shared a windowless office with another new member, Mr. Blair, thus beginning the partnership that led to the homecoming speech to the Commons on Thursday with the prime minister cheering him on from a front bench seat by his side.

## Schroeder Ally Is to Take Control of German State

Reuters

BONN — The opposition Social Democrats on Tuesday trumpeted a change of leadership in Germany's most populous state as a major step in their campaign to oust Chancellor Helmut Kohl.

Social Democratic officials said the naming of Wolfgang Clement, a pro-business Social Democrat, to run North Rhine-Westphalia would strengthen the hand of Gerhard Schröder, their candidate for the chancellorship in September's general election.

The state's long-time premier, Johannes Rau, announced Monday night that he would step down by summer in favor of Mr. Clement, 57, the state's economics minister and a party colleague.

"I want to make my contribution so the party's chances for Sept. 27 improve further," Mr. Rau, 67, said Tuesday. "I believe additional momentum has been created for a change of politics in Bonn."

Mr. Kohl's supporters said the change was simply proof that the state's coalition government of Social Democrats and Greens was in trouble and insisted it had little to do with national politics.

But Social Democrats said the handover sent an important signal that a new generation of politicians was taking

power in Germany. Mr. Schröder, 53, has been playing a similar theme in his campaign against the 67-year-old Mr. Kohl.

In addition, Mr. Rau has long been associated with the more traditional left-wing of the party, while Mr. Clement is considered a pragmatist in the mold of Mr. Schröder.

Mr. Kohl accused the party of bundling Mr. Rau off the political stage purely for tactical reasons.

"They did not treat him honestly and that's not a good example of leadership," he said in Berlin.

Mr. Kohl also said he did not think widespread skepticism among Germans about Europe's monetary union would play a decisive role in this year's general election. He argued that once the decision on which countries are to take part in the euro is reached in early May, "the issue will create less fear after that."

Commentators said the handover in North Rhine-Westphalia increased pressure on Mr. Kohl to consider passing on the baton to his own potential successor, Wolfgang Schäuble.

Mr. Kohl has insisted he will not step down as his party's candidate for chancellor despite poll ratings which show his Christian Democratic Union lagging the Social Democrats.

"Rau's departure increases the pressure on Helmut Kohl," said the newspaper General-Anzeiger in Bonn. "One of them has recognized the sign of the times, the other still hesitates."

North Rhine-Westphalia is a western state with a population of 17.4 million. It is home to Germany's industrial heartland, the Ruhr Valley, as well as big cities like Cologne and Düsseldorf. It has long been a bastion of Social Democratic support.

Mr. Clement has pursued pro-business policies to secure jobs in the state. Advocating big industrial projects has often put him on a collision course with the Greens. ARD television said a Schröder-Clement axis in the party meant the Greens would not have an easy ride at state level or in a "red-green" coalition in Bonn.

## 9,000 Listed As Victims Of Argentina

New York Times Service

MADRID — The names of 9,000 people who disappeared during the Argentine military dictatorship have been presented to a Spanish judge, sharply widening his inquiry into state-sponsored terrorism that until recently listed a much smaller fraction of the estimated 30,000 people who died.

Six leaders of the Argentine Workers' Central, that country's second-largest trade union, gave the judge the expanded list of victims on Monday.

The union leaders also submitted the names of 896 military officers whom they blamed for the kidnappings and killings of leftists during military rule from 1976 to 1983.

A person close to the investigation by the judge, Baltasar Garçon, said the new list, if fully verified by the court, would represent an important advance in the case, "since the Argentine authorities won't cooperate" in identifying the victims.

Argentine amnesty laws in the 1980s tried to halt criminal inquiries. The Argentine government reported that at least 9,000 people were killed or disappeared during military rule, but human rights groups put the number of deaths at 30,000.

In 1996 Judge Garçon began investigating the disappearance or killing of Spanish citizens in Argentina, starting with a list of 40 names. It gradually increased to 600 names, including descendants of Spaniards, and the University Federation of Argentina later gave the judge a list of 2,200 teachers and students who had disappeared, victims' lawyers said.

The Argentine government and some Spanish officials have contended that Spain has no jurisdiction. But since the judge issued international arrest warrants for 11 former Argentine military officials in October, it is risky for them to travel outside Argentina. Spanish lawyers said. The judge has also charged about 100 other former and active Argentine military and police officers.

The union leaders said they presented documents to the judge Monday alleging that a half-dozen large companies, including a Ford automobile plant near Buenos Aires, had been used at times as detention centers for workers considered dissidents. The unions said 68 percent of the dictatorship's victims were workers.



Ambassador Per Tresselt leaving the Foreign Ministry in Moscow on Tuesday after being told two Norwegians would be expelled.

## A Norway-Russia Spy Dispute

Compiled by Our Staff From Dispatches

OSLO — Norway criticized Russia on Tuesday for expelling two Norwegian diplomats, but signaled that it had no plans to escalate a spying dispute with a new round of expulsions.

"The charges against the Norwegian officials are completely groundless," Foreign Minister Knut Vollebæk said, adding, "I hope that this can be the end of this case between Norway and Russia."

Earlier in Moscow, the Foreign Ministry said that Russia had decided to expel two Norwegian diplomats in retaliation for Norway's declaring five Russians persona non grata.

Norway expelled two Russian diplomats on Thursday and barred three more from entering the country after accusing them of trying to recruit Norwegian citizens as spies.

The Norwegian ambassador, Per Tresselt, was summoned Tuesday to the Russian Foreign Ministry and told two Norwegians would be expelled.

Foreign Minister Vollebæk said Tuesday, "The government sees the Russian expulsions as serious but does not want to contribute to anything that can worsen relations with our neighbor."

He said he planned to go ahead with a visit this month to Murmansk, northwestern Russia. (Reuters, AP)

## A Tirana Stopover to Seek Albanian Restraint

By Jane Perlez  
New York Times Service

TIRANA, Albania — In an effort to shore up the forbearance of the Albanians as they watch Serbian violence against their ethnic kin in neighboring Kosovo, the U.S. deputy assistant secretary of state, Strobe Talbot, briefly dropped into this out-of-the-way capital.

So far, the Albanian government has stayed out of the fray in Kosovo, and Mr. Talbot praised officials here for keeping alive the "forces of moderation and restraint in the face of the forces of extremism."

Mr. Talbot was on part of a Balkans tour designed to stop the Kosovo violence from spreading. One of the great fears in Washington about the Serbian brutality against ethnic Al-

banians in the province of Kosovo is that the violence could spread into Albania and neighboring Macedonia, which has a large ethnic Albanian population.

The Serbian leader, Slobodan Milosevic, has been accused by Washington of orchestrating "ethnic cleansing" in Kosovo, where an estimated 80 Albanians, including women and children, have been killed in clashes with the Serbian police.

By coming here for two hours Monday, Mr. Talbot was showing solidarity with the Albanian prime minister, Fatos Nano, who is under pressure at home to be more supportive of the Albanians in Kosovo. Albanians make up more than 90 percent of Kosovo's 2 million people.

Mr. Nano has refrained from calling for the independence of Kosovo from Serbia, which is the rallying cry for many Albanians there. In-

stead, he spoke Monday of "compromise" in Kosovo, essentially meaning that the province be returned to its former status as an autonomous territory. Mr. Milosevic revoked the autonomy of Kosovo in 1989.

To help cool the Kosovo situation and deter the Serbian authorities from chasing Albanian guerrillas from Kosovo over the border into Albania, Mr. Nano has asked for Western help in strengthening his beleaguered army.

More robust border patrols on the Albanian side of the mountainous region that leads into Kosovo would also help slow down the weapons flow from Albania that has helped equip the guerrillas of the Kosovo Liberation Army.

During the civilian strife that tore Albania apart last year, most Albanian soldiers deserted and almost all the armories were ransacked.

## NATO: 3 Eastern Candidates Lag on Language Training and Other Reforms

Continued from Page 1

other NATO members. Poland, the largest NATO aspirant, has been vexed by a dearth of civilians who want to work at the Ministry of Defense. The Czechs, beset with political unrest after a financial crisis last year, have dawdled over legislation to protect classified information and define military pay grades. Hungary, whose military bases are key to NATO strategy, delayed radar purchases in part because of bureaucracy and in part so NATO would pick up most of the tab.

Language training is a significant gauge of how these countries are preparing for NATO accession. As the Clinton administration pushed for NATO expansion, the most likely aspirants were told by NATO and American advisers to avoid looking out for big-ticket items to improve their might — such as fighter planes — for fear that they would upset their fragile, emerging economies.

Instead, Poland, Hungary and the Czech Republic were urged to prove their interest by reshaping their forces to meet Western ideals. Acquiring English proficiency was deemed one of the most likely avenues for success.

Over the last couple of years, each country received hundreds of thousands of dollars in U.S. aid for language labs and support from Canada and Britain for instruction.

Last fall, Frank Kramer, U.S. assistant secretary of defense, underscored the need for English training in testimony to the Senate Foreign Relations Committee. "English language proficiency is a critical element of NATO interoperability," he said, adding that Poland, the largest aspirant with 230,000 troops, expected to have 25 percent of its officers proficient by 1999.

Results so far are disappointing. Poland today has only about 60 officers who are considered fluent by NATO standards; it needs about 400 within the year, according to defense officials and Poland's foreign minister, who confirmed those figures.

Defense officials in Hungary and the Czech Republic assert that as many as 300 military officers are fluent in English. Interviews with military instructors indicate that number is about one-third to one-half that many. Hungary has yet to put NATO testing standards into effect.

The shortfall may be tied to how the language courses are structured. Soldiers sent to one course must wait a year, if not longer, for a refresher. By then, they often lose the language.

Another reason may be motivation. Often the Eastern Europeans hear confusing messages from their contacts with U.S. and NATO leaders — and wonder if there is a difference between what NATO allies say and what they do. A military professor described his recent

encounters with a Spanish delegation and then a French delegation. The professor, fluent in French, Russian, English, German and his native language, could not communicate with the Spanish delegation and had to find an interpreter who spoke Spanish. The French delegation wanted all talks to be in French.

"It makes me think," he said, "if the guys who are already in NATO can't speak the NATO language, maybe language isn't so important."

Over the years, Poland has been the single best argument — because of location and history — to move NATO eastward. Eight of every 10 Poles supported joining the alliance. But within the military itself, the idea of starting anew was a tougher sell. Poland was the last among the three aspirants to secure civilian control over its defense structure.

Lieutenant General Ferenc Vegh, chief of Hungary's armed forces, said no former Warsaw Pact army finds the change easy.

"It's clear what's supposed to be done," he said. "But of course we don't have enough civilians to fill the jobs."

The root problem is often money or lack of it. One Defense Ministry official said that over the last six months, he had offered jobs to at least 20 people and they had all turned them down. They could make four to five times higher salaries in the private sector, the official said.

## U.K.: Breathing New Life Into Work Ethic

Continued from Page 1

creases of £250 million (\$417 million) for education and £500 million for the National Health Service.

The package was largely welcomed in financial markets, except for the ironic disappointment that Mr. Brown did not impose any new taxes on consumers.

Analysts said the absence of higher taxes increased the likelihood that the Bank of England would have to increase interest rates, and maintain them at a high level for a longer time to come, to cool consumer spending and dampen an inflation rate that has risen above 3 percent in recent months.

Mr. Brown forecast that inflation would average 3 percent in 1998 and reach the government's target of 2.5 percent next year.

"He's leaving the Bank of England the job of slowing the economy," said Giles Keating, chief economist at HSBC James Capel. He said the central bank would probably increase its key interest rate next month by one-quarter of a percentage point, to 7.5 percent.

Stock prices soared to record highs, with the FTSE-100 benchmark index rising 49.8 points to 5,834.9. Investors cheered the absence of major new taxes as well as a separate decision by Mr. Brown to allow individuals to transfer unlimited amounts of existing, tax-exempt funds into new investment savings accounts.

William Hague, head of the Conservative Party, hailed the move on economic grounds but decried Mr. Brown for a "humiliating" political U-turn.

Mr. Brown lowered the forecast for economic growth this year to between 2 percent and 2.5 percent, one quarter of a percentage point lower than projected in November, because of the effects of the slowdown in Asia.

Unlike traditional British budgets, the recent Tuesday was not on major spending or tax initiatives designed to stoke growth or redistribute wealth. The change reflects the innate conservatism of Mr. Blair and Mr. Brown's conviction that prosperity lies more in the microeconomics of education, training and tax incentives for work and business creation.

The budget is designed to eliminate a trap in many countries' welfare systems, in which many low-paid employees give up more in taxes and lost benefits than they receive in wages. Under the system,



BRAVE FACE — Jonathan Aitken, a former Conservative minister, after his arrest Tuesday on allegations of perjury dating from the "collapse" last year of a libel suit, in which he had sued The Guardian newspaper for saying that he had allowed Arabs to pay for a sojourn at the Ritz hotel in Paris.

many families will be exempt from paying any tax until they make more than 50 percent of average earnings.

Mr. Hague criticized the plan as "extremely complex" and said it would put women at a disadvantage. Currently, they receive family welfare benefits, but under the new system may be funded into the paychecks of their spouses.

Some worry that the system could discourage people from taking entry-level jobs because if they lose their jobs, they must go through a lengthy process of reapplying for welfare benefits.

## BRIEFLY

## Russia Backs Kosovo Rights

PRISTINA, Serbia — Russia called indirectly on Tuesday for wider autonomy for ethnic Albanians in Kosovo while rejecting their demands for independence.

"Russia starts from two principles when resolving issues of national minorities," the Russian foreign minister, Yevgeny Primakov, said after talks in Belgrade with his Serbian counterpart, Zvezdan Jovanovic. "That is the principle of territorial integrity in the resolution of issues within certain state and granting wider self-government rights."

In Pristina, ethnic Albanian leaders refused again Tuesday to meet with a Serbian delegation because the Serbs refused to discuss independence. (Reuters)

## A Runoff Is Likely in Armenia

YEREVAN, Armenia — Armenia's acting president and his top challenger headed Tuesday for a second-round runoff after an election marked by accusations of fraud.

The Central Elections Commission said that with three-fifths of the vote on Monday counted, Prime Minister Robert Kocharyan had 38.6 percent. His main rival, Karen Demirchyan, had 28.1 percent. If the trend holds, none of the 12 candidates will gain a majority, forcing a March 30 runoff. (Reuters)

## 'Mad Cow' Cover-Up Is Claimed

LONDON — A scientist cast doubt Tuesday on figures showing a sharp fall in "mad cow" disease in Britain.

Richard Lacey, the microbiologist who was the first scientist to warn that bovine spongiform encephalopathy could spread to humans, said meat processors had shown him evidence that farmers were covering up cases.

Official figures show that cases in British cattle fell to 4,129 last year from 36,682 in the peak year, 1992. The Agriculture Ministry said it stood by its figures. (Reuters)

## French Parties Rebuff Far Right

PARIS — The rightist Rally for the Republic and centrist Union for French Democracy ruled out deals with the far-right National Front on Tuesday, after the anti-foreigner party offered its support in elections for the presidency of 22 regional councils on Friday.

But one regional president, Jacques Blanc of Languedoc-Roussillon, of the Union for French Democracy, said he would accept the Front's support to assure his reelection, and there was speculation that several other center-right candidates would also make deals. (Reuters)

## Challeng

By Erik Eckholt  
and Seth Faison  
New York Times Service

BELLING — Zhu Rongji, who has overwhelming majority as president Tuesday, is a career economist with rise to power has been seen with force of his achievement. In the last five years, as chairman of the State Planning Commission, Mr. Zhu, 69, has steered the country's economic growth without inflation without the usual pain that would do the late

before the Asian financial crisis. Mr. Zhu had applied bitter medicine in China's past, from the 1950s to the pet project of loans to the per project of the country.

This year the annual rate of

Students Fight Police Officers During Protest

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## ASIA/PACIFIC

## Challenge for China's New Prime Minister: It's the Economy, Comrade

By Erik Eckholm  
and Seth Faison  
New York Times Service

**BEIJING** — Zhu Rongji, who was chosen by an overwhelming majority as prime minister of China on Tuesday, is a career communist planner whose swift rise to power has been driven largely by the sheer force of his achievements.

In the last five years, as chief of economic policy, Mr. Zhu, 69, has steered the economy out of runaway inflation without stifling its growth, a record that would do the International Monetary Fund proud.

Well before the Asian financial crisis hit last year, Mr. Zhu had applied bitter medicine that no one else in China dared, among other things denying loans to the pet projects of officials around the country.

By this year the annual rate of inflation had

dropped to just 1 percent, from 24 percent in 1995. Mr. Zhu won the respect of other Chinese leaders and superlatives from Western business executives.

He becomes head of China's cabinet when the world's most populous country is emerging as an economic and political heavyweight. He will serve under the president and Communist Party chief, Jiang Zemin, who remains No. 1 in the ruling circle.

By any measure, Mr. Zhu will face daunting tasks: remaking an economy still rooted in thousands of money-losing companies owned by the government, salvaging banks that by outside standards are insolvent, reversing the calamitous pollution of air and water, finding work for tens of millions who once thought they had jobs for life and building a new system of social welfare from scratch — just for starters.

As he takes on new economic and social

issues, Mr. Zhu will also, for the first time, have direct responsibility for foreign policy questions like volatile relations with Taiwan and for China's stand on human rights issues, which has been much criticized in the West.

Perhaps the ultimate issue that will face Mr. Zhu in his five-year term is how the Communist Party can maintain control over a society that is becoming more complex and pluralistic by the day.

Trained as an engineer and state planner, Mr. Zhu has so far betrayed no strong interest in democracy, only in a more efficient economy and party.

"I see him as a classic Leninist apparatchik," said David Shambaugh, an expert on Chinese politics at George Washington University. "But it is true that he is also a no-nonsense, tough bureaucrat who is very decisive."

In a system that rewards conformity, where

leaders typically retreat behind dogmatic cant, Mr. Zhu is famous for his frank talk, his sometimes brutal impatience with officials and his results-oriented manner.

That approach has gained him the admiration of ordinary Chinese people, as well as the begrudging regard of the sprawling bureaucracy he will lead. Those who work under him refer to him as "the Boss."

But with his determined pursuit of economic cutbacks, and now his goal of slashing the bureaucracy, he has gained many enemies around the country, too, perhaps leaving him vulnerable should his touch with the economy fail him.

Mr. Zhu replaces Li Peng, who is moving to another senior position after serving the two five-year terms as prime minister allowed by China's constitution. Chinese people often compare Mr. Zhu favorably with Mr. Li, who is widely disliked for his central role in the violent suppression of

the 1989 student-led democracy movement.

Mr. Zhu has angrily rejected the label, sometimes applied to him by Western admirers, of "China's Gorbachev." The man who presided over the dismantling of the Soviet Union is officially loathed here. Mr. Zhu's own views on broadening participation in political decision-making have remained private, but he has not been known to question the primacy of the Communist Party.

"The touchstone for a Chinese leader is how much chaos is being created," a Western diplomat said. "If there is the threat of serious social disturbance, I don't doubt for a moment that he'll use the necessary force to stop it."

Mr. Zhu, who spent long years as a political outcast, has scaled the heights of power with astonishing speed, in large part because he was sponsored by Deng Xiaoping, another pragmatist.

## Students Fight Police Officers During Protest In Indonesia

Compiled by Our Staff From Dispatches

**SURABAYA, Indonesia** — Students clashed with the police Tuesday during a protest at a state-run teachers' college here, witnesses said.

They said three students suffered serious head wounds and dozens of others had minor injuries in the confrontation. The clash came when local police officers entered the campus as hundreds of students were listening to speakers criticize President Suharto, witnesses said.

Some students threw rocks at the police, the witnesses added.

Police officials were not immediately available for comment.

Witnesses said students later resumed their discussions while police officers stood outside the campus. There were no immediate reports of arrests.

It was the third clash between students and security forces in Surabaya, Indonesia's second-largest city, in the past week.

Meanwhile, other forums, each attended by more than 4,000 students, were held at the University of Pancasila and University of Mercu Buana in the capital, Jakarta. A smaller gathering of around 1,000 students took place at the National Islamic Institute.

Since Feb. 25, students across the country have held protests, most of them on campus, calling for political and economic reform as well as lower food prices.

In Jakarta, meanwhile, the authorities stressed the need for dialogue with students.

The armed forces commander, General Wiranto, on Tuesday repeated the military's offer to hold a dialogue with students.

"This invitation to talk with the students is not mere lip service but a genuine invitation," General Wiranto said before attending the first meeting of President Suharto's new cabinet. Mr. Suharto was elected to a seventh five-year term last week.

General Wiranto said last week that students should resort to dialogue rather than rallies.

He said that their "constructive aspirations" could be communicated to the armed forces. (Reuters, AFP)



Riot policemen leaving the scene of the University of Pancasila protest in Jakarta on Tuesday.

## BRIEFLY

## Korean Talks Moving Slowly

**GENEVA** — Envoys from North and South Korea met here for a second day of talks Tuesday amid signs that any progress toward improved relations would be slow.

A Chinese assistant foreign minister, Chen Jian, who is leading the talks, which also include the United States, said beforehand that the meeting would give each party a chance to comment on the positions of the others.

Much of the opening session Monday was bogged down in procedural wrangling over seating arrangements and the format of bilateral talks. (AP)

## Philippines to Sift Murder Charge

**MANILA** — President Fidel Ramos of the Philippines ordered an investigation Tuesday into allegations that his vice president, who leads in the race to succeed him in elections in May, had ordered his assassination.

Colonel Reynaldo Berruya, a former close aide to Vice President Joseph Estrada, has accused Mr. Estrada of having asked him to kill Mr. Ramos on several occasions so Mr. Estrada could become president.

The vice president dismissed Mr. Berruya's charge as a "demolition job" designed to weaken his candidacy. He has a wide lead in opinion polls over Mr. Ramos's chosen

successor and the governing party candidate, Representative Jose de Venecia. (AP)

## Indian Parties Agree on Rules

**NEW DELHI** — The main Hindu nationalist party announced Tuesday that it had agreed with its partners on the rules by which their alliance will try to govern India.

Details of the platform, which has been the cause of much debate and speculation, will be made public Wednesday by the prime minister-designate, Atal Bihari Vajpayee.

Although his Bharatiya Janata Party won the most seats in parliamentary elections this year, Mr. Vajpayee did not win the majority he needed to govern alone and must rely on support from a score of parties ranging from religious rightists to secular socialists. (AP)

## Thai Prime Minister Optimistic

**BANGKOK** — Prime Minister Chuan Leekpai predicted Tuesday that his government, its popularity reinforced by a new \$1.7 billion U.S. aid package, would easily defeat a no-confidence motion this week.

He met with his cabinet after his return from a visit to President Bill Clinton, who rewarded his handling of Thailand's economic crisis with the assistance. (AP)

## TRAIN: Despite Ban, U.S. Help

Continued from Page 1

nia, said that the training was "certainly not within the spirit" of the law and that it raised "serious questions about a violation of congressional intent. It is clear that it is a circumvention of Congress."

Grover Joseph Rees, an aide to Representative Smith, said: "We have all these restrictions on IMET and they just get around it by using JCET."

The Pentagon was unable to say Monday how much the JCET training program for Indonesia cost, how many troops were trained or which military office ran the program.

A Defense Department official said the program was no secret to well-informed members of Congress. She said it was "better to train and engage and interact and gain influence with successive generations of Indonesia officers" than to stop the training. She could cite no evidence that the training improved those officers' respect for human rights.

Congress partly restored financing for training in Indonesia in 1995, under an "expanded" IMET program theoretically limited to training in human rights, civilian control and accountability. But under the program, Indonesia

was able to buy at least one course in military training directly from the Pentagon, which was another legal way around the legislation, Pentagon officials said.

Representative Evans conceded that the training was legal, but called it "the Pentagon's loophole to the law." He said he was "curious to know why U.S. taxpayer dollars are being wasted on aiding and abetting a ruthless military organization."

Representative Nancy Pelosi, Democrat of Califor-

## Building Falls Near Bombay, Trapping 25

Reuters

**BOMBAY** — Rescue workers used spotlights and bulldozers Tuesday to sift rubble for 25 people thought to be trapped in a collapsed building near Bombay.

At least one person was killed, officials said.

They reported that the six-story residential building, home to 18 families in the suburb of Malad, 40 kilometers (25 miles) northwest of the main business district, collapsed late in the afternoon.

The building was recently evacuated after residents were warned that it was in dangerous condition, the officials said. But some families stayed on, they added.

The building was able to buy at least one course in military training directly from the Pentagon, which was another legal way around the legislation, Pentagon officials said.

Representative Evans conceded that the training was legal, but called it "the Pentagon's loophole to the law." He said he was "curious to know why U.S. taxpayer dollars are being wasted on aiding and abetting a ruthless military organization."

Representative Nancy Pelosi, Democrat of Califor-

## One Eye on the Plug, Auckland Gets Back to Work

The Associated Press

**AUCKLAND, New Zealand** — Merchants in central Auckland had reopened most shops by Tuesday but kept electric generators on standby on sidewalks outside in case of another prolonged black-out.

One by one starting Jan. 22, all four cables feeding electricity into the commercial heart of New Zealand failed, creating power outages that businesses estimated cost them \$60 million a week.

Two of the cables have been partly restored and are carrying 40 percent of their usual electric load until they are proven reliable.

But about half the businesses in central Auckland, including many in high-rise buildings, still can operate only from the suburbs or from other cities with reliable electricity.

The 60,000 to 80,000 commuters who came into the city daily to work and shop are only beginning to return.

Most stores said business was down 50 percent; some lost 85 percent or more of their trade.

It is not known what caused the power cables to fail, and experts say it may take six months to a year to find out. The government has begun its own investigation and is due to report in June.

Mercury Energy, the utility, has suggested the cables broke down as a result of the heat and huge demand.

Underscoring the devastating impact of the blackouts, the government released figures Tuesday showing that one out of every 20 New Zealanders works in central Auckland.

As the global telecom market liberalizes, how will countries share the revenues from basic telecommunications services?

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**As Czech**

By Peter S. Green  
International Herald Tribune

HELENA Bihariova was to die on the night of Feb. 17, 1994, in a dark-skinned Czech town. She was a young, crew-cut Czech woman. On a bridge over the Elbe, she was shot by a man who had just killed Mrs. Bihariova, a woman who had been her lover. She was shot in the back of the head. She was shot in the back of the head. She was shot in the back of the head.

For three young, crew-cut Czech women, the night of Feb. 17, 1994, was a night of horror. They were shot on a bridge over the Elbe, a river that flows through the heart of the Czech Republic. They were shot in the back of the head. They were shot in the back of the head. They were shot in the back of the head.

A radio journalist, who was on the bridge, saw the shooting. He saw the woman who had been shot. He saw the woman who had been shot. He saw the woman who had been shot. He saw the woman who had been shot. He saw the woman who had been shot.

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## INTERNATIONAL

## As Czech Skinheads Escalate Attacks, Gypsies Start to Put Up a Fight

By Peter S. Green  
International Herald Tribune

PRAGUE — Helena Bihariova, 26, did not deserve to die on the night of Feb. 17. Her only crime was to be a dark-skinned Czech citizen of Gypsy origin in the northern Czech town of Vrchlabi.

For three young, crew-cut Czech men, that was enough. On a bridge above the Elbe River, they beat and kicked Mrs. Bihariova, a mother of four, and threw her unconscious into the fast-running, icy waters.

A radio journalist dived in after Mrs. Bihariova and managed to grab her while holding on to a tree root. But the root snapped, and the police rescued only the journalist, Eliska Pilarova, several hundred meters downstream. The three attackers were arrested several hours later.

The past weeks have seen a new string of attacks on Gypsies by Czech skinheads, junior fascists with signature nylon bomber jackets and lace-up

boots. Their racist, neo-Nazi rhetoric and rock music characterize the Gypsies as subhumans.

But for the first time, Gypsies (or Romanies, as they prefer to be known) have begun to strike back at whites, attacking skinheads and even policemen.

At least 20 people have been killed in racially motivated attacks in the Czech Republic since 1992, nearly all of them Romanies, according to the Helsinki Citizens' Committee, a human rights group.

The skinhead movement is secretive, but according to local press reports there are at least several thousand Czech skinheads, mainly in their teens and early 20s, grouped in 10 or more organizations, many linked to neo-fascist movements abroad. They include White Aryan Supremacy, Bohemia Hammer Skins and Vlastnecka Liga (Fatherland League).

Since January, the homes of at least two Romanies have been firebombed, while other racist attacks — including an assault by skin-

heads on a Congolese physician and on a dark-skinned Afghan student — have raised fears.

Ivan Vesely, a Romany political leader, said that in Ostrava, a depressed northern industrial town, he had seen posters signed by the Fatherland League challenging local Romanies to battle.

He and other leaders say the tension in the Romany community is worse than at any time in decades. Several elements are to blame, they say: Mrs. Bihariova's death, the skinheads' growing potency and a series of recent court cases that the leaders say show a double standard in applying Czech laws to racially motivated crime.

The death of Mrs. Bihariova was a catalyst, Mr. Vesely said. "The Romans aren't letting themselves be beaten up anymore."

The attacks and growing tension with the majority white community has taken its toll on Czech Romanies.

Last summer, after a television documentary showed Czech Romanies living a better life as refugees in Canada, hundreds sold their belongings

and fled to Canada and Britain to ask for asylum. Most were refused asylum and returned home.

In the aftermath of the latest round of violence, many of the estimated 300,000 Romanies in the Czech Republic are again looking to leave. Last week, a Romany delegation visited the U.S. Embassy in Prague to ask for visas.

One commentator, Petr Placak, wrote Friday in the daily Lidove Noviny: "The tension in the Romany community (which is the most frequent target of the only victim of skinhead attacks) is evidently mounting. It is only a question of time when emotions develop into a real explosion of violence."

While successive governments have made efforts to improve the lot of Czech Romanies and to ease racial tension, a vocal minority openly attacks the Gypsies.

A member of Parliament from the extreme-right Republican Party said he would introduce a law "making Gypsies illegal." Nothing came of his words, but the Republicans hold 18 seats in

Parliament's 200-member lower house, and polls show they could win 12 percent of the vote in parliamentary elections in June.

That worries Romanies who say they often feel like second-class citizens in their own homeland. A January poll showed that nearly one in three Czechs were Romanies, and 14 percent of Czechs wanted them expelled from the country. Yet the poll also showed that two-thirds of Czechs had no strong opinions about Romanies.

Spurred by its spokesman, Vladimir Mlynar, the new Czech government has begun to help integrate Romanies into mainstream society and has formed a Romany-led commission to look for ways to improve their lot.

The Czechs' treatment of Romanies is also being examined by the European Union, which the Czechs hope to join early next century.

But Romany leaders say that the white majority has to accept that Romanies are Czech and to clearly condemn racism.

## Ailing Yeltsin To Stay Home For the Week

Compiled by Our Staff From Dispatches

MOSCOW — President Boris Yeltsin of Russia reluctantly bowed to medical and possibly political advice on Tuesday and canceled all engagements this week to avoid complicating a respiratory infection.

Among the events canceled was a top-level meeting Thursday in Moscow of the Commonwealth of Independent States, a loose grouping of 12 former Soviet republics. The meeting will be rescheduled in late April.

The cancellations indicated that Mr. Yeltsin was not recovering as quickly as had been reported. The Russian leader, who contracted a respiratory infection and lost his voice last week, had been expected to stick to an active schedule this week.

But the presidential press service said in a statement that doctors had decided that the 67-year-old president, a famously uncooperative patient, should stick to his treatment at the Gorky-9 state residence outside Moscow where he has been since Friday.

In Kiev, however, the Interfax-Ukraine news agency quoted the Ukrainian Foreign Ministry as saying that political as well as medical factors prompted the postponement of the commonwealth meeting.

Some Russian media and analysts made a similar point, saying that Mr. Yeltsin could have faced criticism for not preparing the meeting more thoroughly or for a large number of political absences.

"It looks as if the summit agenda was not ready," said a political analyst, Andrei Kortunov. "The Russian side might have decided it needs more time to sort out the problems."

Mr. Yeltsin remained "partially bedridden" and was taking antibiotics, the Kremlin's press service said.

His doctors urged him to speak as little as possible to avoid further strain on his vocal cords. His doctors have described his ailment as an inflammation of the larynx and trachea.

Mr. Yeltsin still plans to go ahead with a meeting March 25 and 26 with Chancellor Helmut Kohl of Germany and President Jacques Chirac of France in the central city of Yekaterinburg, according to the Russian Foreign Ministry. (Reuters, AP)

## CLINTON: Popularity With Voters Steady

Continued from Page 1

Mrs. Willey could bring a shift in public opinion that might mean serious trouble for the president, who has flatly denied any sexual contact with her.

Yet, public backing for Mr. Clinton's job performance remains solid even after the Willey interview, according to results of major polls that were made public Tuesday. The high levels of support have perplexed the president's critics and surprised even his supporters.

Polls by CBS, ABC and CNN, all of them based on surveys taken a day after Mrs. Willey's televised appearance, showed that two-thirds of Americans support Mr. Clinton's job performance. This is a historically high level for presidents in the middle of a second term.

In the CBS poll and a Gallup survey for CNN, Mr. Clinton's personal approval rating rose in the last week to an identical 67 percent, though the increases in both cases were within the range of statistical error.

Seventy percent of those surveyed by ABC said they believed he should remain in office based on what is known now.

White House aides said that the Willey notes made public Monday, while casting no direct light on the 1993 meeting, nonetheless showed a woman who sounded friendly and gave no sign of the "anger" toward Mr. Clinton that she expressed on "60 Minutes."

Among the notes were: "One dated June 17, 1994, in which she told Mr. Clinton that hearing a speech he had delivered in France to commemorate the D-Day invasion in 1944 was 'the proudest I have been that you are our president.'"

"One dated Oct. 18, 1994, in which she said: 'I don't need to remind you of my willingness to help you in any way that I can.'"

"One dated Nov. 11, 1994, in which she said: 'There are so very many people who believe in you and what you are trying to do for our country' and called herself Mr. Clinton's "number one fan."

On Dec. 1, 1993, two days after the meeting in question, a Clinton aide, Nancy Henrich, logged a call from



Prime Minister Bertie Ahern of Ireland, in Washington on Tuesday. He was flanked by President Bill Clinton, left, and Newt Gingrich, the speaker of the House, at a St. Patrick's Day lunch at the Capitol.

## IRISH: After 150 Years of Emigration, They Can Go Home Again

Continued from Page 1

has become the European site of choice for scores of global companies.

Aided by integration with the European Union, its economy grew at an estimated 8 percent last year, the fastest in Europe and among the fastest in the world. It added 150,000 jobs in the three years that ended in April and has developed chronic shortages of skilled and professional workers.

Construction companies, whose cranes stud the Dublin skyline, sometimes advertise for workers and get no qualified applicants. But Engeline Houston, author of a book called "Working and Living in Ireland," says a strong economy is not enough to account for the returns. What really counts, she says, is a national trait: "Wherever they are, Irish people want to go home."

"I went for one year of experience" in England, said Graham Prole, an industry association executive who recently returned from London. "But after seven of them I was still there. It was like going to the pub for a pint."

The catastrophic famine that began in 1845 triggered the great outflow from Ireland — more than a million people left in the next decade. The flow continued strong in the late 19th and early

20th centuries, as Ireland helped populate the United States (according to U.S. Census figures, about 40 million of the 270 million Americans claim Irish ancestry) and other English-speaking countries such as Australia and Canada.

In the 1970s, the flow reversed for a while as the economy improved. Then it soured again and the outward flight continued. Ireland lost close to 200,000 people in the 1980s.

The tide turned in the year that ended mid-April 1996, during which a net 5,700 people moved to Ireland. The number was 15,000 in the year that ended in April 1997, and anecdotal evidence suggests it has continued strong.

For Grainne Healy, working at a computer company in Scotland, the turning point was a job fair that companies held at a Dublin hotel at the Christmas season of 1996, knowing the expatriates were in town in force. On her way to the airport at the holiday's end, she stopped in and passed out 10 résumés. She said she got three inquiries of interest.

By the following June, she was home and found companies fighting over her. "Your skills don't fit into what they want, but they're desperate," she explained. "They say, 'Try it!'" She's now a trainer at Moss Technol-

ogy, an Irish computer services firm.

It's not Irish who are moving to Ireland; the good times are drawing young people from all over Europe. Their arrival has given Dublin a cosmopolitan feel, with restaurants of many cuisines, a vibrant music scene, film festivals, and theater. "It's quite comfortable living," said Tania Dalley, a German-British woman who works as a telemarketer for the American software firm Oracle Corp. "All the social activities you'd want to do are right at your doorstep."

## ■ In Washington, Talk of Peace

President Bill Clinton turned up the beat on parties to the Northern Ireland peace process Tuesday, insisting the time is now or never to end the conflict, Agence France-Presse reported.

"This is the chance of a lifetime for peace in Ireland," Mr. Clinton said at a White House ceremony with Prime Minister Bertie Ahern of Ireland. "You must get it done," he added.

He urged the leaders here celebrating Saint Patrick's Day to make the concessions needed for an agreement, assuring them that "no one will be the loser."

Mr. Ahern concurred that the rare moment for peace should be seized. "We are in the end game," he said.

*Kathleen Willey*  
Dear Mr. President,  
What a wonderful week you have had! Congratulations on all of your well deserved successes.  
I would very much like to have a few minutes of your time to discuss something of importance to me.  
I will wait to hear from you —  
Sincerely, Kathleen  
November 22, 1993

A note from Mrs. Willey to Mr. Clinton, signed "Fondly, Kathleen." The note was sent before the meeting in which she alleged he fondled her.

clear whether the president responded.

Various letters indicated that Mrs. Willey had given Mr. Clinton a tie after the disputed meeting and invited him to a party.

The speedy response by the White House to her televised comments con-

trasts sharply to its reluctance to provide records or information about Mr. Clinton's contacts with Monica Lewinsky, a former White House intern who alleged that she had an affair with the president. Mr. Clinton has denied that.

## ISRAEL: British Foreign Secretary's Visit to East Jerusalem Sparks Diplomatic Incident

Continued from Page 1

But the brief meeting with Mr. Ta'ari, amid mayhem as reporters and rightist Jewish protesters jostled Mr. Cook, appeared to diminish any chance that Israel would meet his hopes of a bigger EU role in peacemaking.

Nonetheless, Mr. Cook said later Tuesday that his meeting with Mr. Netanyahu had been friendly.

"It was quite amicable," Mr. Cook told Israel's Channel One television after an hour-long meeting with Mr. Netanyahu. "I explained the role the European Union can play in the peace process, the very substantial contribution that we make to funding the peace process."

But Mr. Netanyahu focused on Mr. Cook's visit to Har Homa, saying the Briton had pledged not to meet Palestinian officials at the site. "This, to my

regret, was not honored," he said. "Our security people were totally surprised by the changes in the plan."

"The issue of Jerusalem is a cardinal one in our eyes and it is important for us to inform any guest in Jerusalem and anyone who wants to contribute to the peace process that Israel is sovereign in Jerusalem and will remain so," Mr. Netanyahu said.

The contretemps comes as Mr. Netanyahu is concerned about both the United States and Europe trying to impose their ideas for breaking the deadlock in the Middle East peace talks. With his current treatment of Mr. Cook, Mr. Netanyahu apparently was trying to signal Washington that he would not be pressed into making concessions.

Mr. Netanyahu's complaints capped days of wrangling between Israel and Britain over the symbolism of the visit by the project in East Jerusalem, the

sector claimed by Palestinians as the site of a future capital.

Israeli officials complained that Mr. Cook tricked them by meeting with Mr. Ta'ari after promising not to tour the site with Palestinians.

But Mr. Cook said he had "scrupulously carried out what had been agreed" upon with Israel. Mr. Cook had planned to see the site with Feisal Husseini, the top Palestinian Liberation Authority official in Jerusalem, but backed off after furious Israeli protests.

Mr. Cook also said he had agreed not to be briefed by Palestinian officials at the site but made no promise to shun Palestinians during his visit.

At the site, the Israeli cabinet secretary, Danny Naveh, briefly met Mr. Cook opposite Har Homa to explain Israel's position on Jerusalem.

Accompanied by Mr. Ta'ari, Mr. Cook was met by a torrent of abuse from

## FINNS: Drafting Russia Policy for the EU

Continued from Page 1

commissioned. The Finns are seriously concerned about pollution of the water table in frontier regions. Organized crime and drug trafficking originating in Russia are getting out of hand.

Mr. Lipponen says that the EU cannot let such problems slide for long and that a framework to handle them, the Northern Dimension — is becoming urgently necessary.

The main scope of the Northern Dimension would be trade and development in a region stretching across the Nordic nations to the Urals and up to the Arctic Circle, an area with 60 million inhabitants.

This would entail building trans-border roads, railways and pipelines, but it could also open a new sea route to the Far East around the northern coast of Russia.

"If the EU is as good as its word in saying that it wants to bring the east closer to our institutions, then obviously infrastructure is something that does the trick," said Jukka Valtasari, a former ambassador to Washington and secretary of state at the Foreign Ministry.

Although Finland would clearly be the first to benefit from an increase in cross-border trade, Mr. Lipponen said the Northern Dimension was intended to benefit the entire EU and would be a counterpart to the community's Mediterranean program, which aims to establish a region of stability and security to the south of the EU through various bilateral and multilateral agreements.

The southern countries have expressed concern that resources will be taken away from them as the EU focuses its attention on Eastern and Central Europe with its impending enlargement early in the next century.

It was thus of significance when Prime Minister Antonio Guterres of Portugal, speaking during a visit to Helsinki, said he would support the Northern Dimension.

Mr. Guterres' endorsement was key because Portugal will take over the presidency of the EU from Finland in the first six months of the next century and will therefore have the task of carrying out any decisions reached during the Finnish presidency.

Clearly the initiative would cost an undisclosed but indisputably large sum, and it remains to be seen whether EU members will be willing to dig into their pockets while resources are likely to be drained by the Eastern enlargement process. But Mr. Lipponen says the EU cannot afford to neglect the relationship with Russia.

The European Commission, the EU's executive arm in Brussels, is studying the Finnish proposal and is scheduled to have a report ready for a summit meeting in Vienna at the end of this year.

Although Mr. Lipponen has won support in the Iberian Peninsula, he seems to be having some difficulties with his neighbors in Scandinavia. A Danish committee report in the Nordic Council — which harmonizes legislation in Denmark, Finland, Iceland, Norway and Sweden — had to be watered down recently after it disparagingly compared Helsinki's enthusiasm for the EU with its previous policy of "finlandization."

That is a loaded word here. To Western observers it meant a policy of accommodation and subservience to the Soviet Union.

Finns saw "finlandization" as a smart strategy of "stroking the bear" while enabling their country to remain attached to the democratic, Western camp.

The draft Danish report, as reported by the Helsinki newspaper Helsingin Sanomat, said Finland "wished to bind itself as tightly to the EU as possible to emphasize that it was no longer tied to the Soviet Union/Russia." Danish sources confirmed that the report existed, but played down its importance.

Still, it appeared to reflect a certain irritation over Finland's policies among the other Nordic countries. They were not consulted about the Northern Dimension project — but then, Norway and Iceland are not members of the EU, although Denmark and Sweden are. Defense Minister Tarja Halonen of Finland commented: "The EU is not the same as the Nordic states. The more important thing is to seek the backing of a majority in the EU."

Finland has enthusiastically supported the proposed European single currency, which it sees as a way of moving from the periphery of the EU into the heart of its decision-making. Sweden and Denmark have chosen to remain out of Economic and Monetary Union. Finland disappointed them when it voted last December to exclude them, and Britain, from the informal council of finance ministers that will coordinate policy in the single currency zone of up to 11 countries.

Finland also broke ranks with Sweden and Denmark when it voted with the majority of EU members to open the community's Eastern enlargement process to a restricted group of countries that are considered to be most prepared, including Estonia, Poland, the Czech Republic and Slovenia.

Sweden and Denmark had strongly argued in favor of including Lithuania, Latvia, Slovakia, Romania and Bulgaria in the enlargement process, warning that to leave them out would create new divisions in Europe.

Observers say that membership in the EU has given Finland the confidence to rethink and reshape its entire security policy, which during the cold war was focused on the protection of its frontiers. Although it is not a member of the North Atlantic Treaty Organization, it has moved closer to it, contributing troops to peacekeeping operations in Bosnia and discussing joint defense needs in the region.

Russia would view NATO membership for Finland as "an extremely serious threat," according to a senior Russian military spokesman, General Leonid Ivashov. Mr. Lipponen, however, hinted that Finland did not consider its security policy to be set in concrete. That policy, he said, was not neutrality but nonalignment.

## BRIEFLY

## Zambia Lifts Rule

LUSAKA, Zambia — President Frederick Chiluba lifted the state of emergency Tuesday that he imposed after a failed coup in October. The move had been demanded by opposition parties and aid donors.

Under emergency rule, more than 90 people were arrested in connection with the failed Oct. 29 coup, including the former president, Kenneth Kaunda. Ruler of Zambia for 27 years, Mr. Kaunda has since been charged with concealing knowledge of a treasonous act.

Emergency rule has been criticized by Western donors, the bulk of whom have halted aid payments to Zambia. They were worried that emergency rule would reverse the economic gains achieved since Mr. Chiluba came to power in the 1991 elections. (Reuters)

## Iran Clerics Object

TEHRAN — A group of Iranian clerics have protested against restrictions imposed by the authorities on a prominent dissident, Ayatollah Hossein Ali Montazeri.

The daily Farda newspaper said Monday that the clerics and a number of Ayatollah Montazeri's students, in a letter to senior clerics, denounced "restrictions" imposed on the senior Shiite cleric after he questioned the authority of Iran's supreme leader, Ayatollah Ali Khamenei, in a speech in November.

Ayatollah Montazeri's speech, a rare challenge to Ayatollah Khamenei's power, prompted demonstrations by hard-liners in which Ayatollah Montazeri's offices in the holy city of Qum were attacked. A son of Ayatollah Montazeri has said his father is under house arrest, and local press reports said the authorities had frozen the cleric's bank accounts. (Reuters)

## For the Record

Millions of Mexicans who have become citizens of the United States and other countries will be able to retain Mexican nationality under a law that takes effect Friday. (AP)



## EDITORIALS/OPINION

# Herald Tribune

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## New Phase for Clinton

### Character at Issue

This is a peculiar moment in what will surely be remembered as one of the oddest modern presidencies. Part of what makes it peculiar is that we have so much information and yet still know so little about what kind of man Bill Clinton really is. It is certainly possible, as Mr. Clinton said again on Monday, that he has never had sexual overtures to Kathleen Willey and that he over propositioned Paula Jones or seduced Monica Lewinsky. But it is also true that the American people would not be surprised if he turned out to be lying in all three cases.

Obviously, someone is lying. Just as obviously, the unfolding saga of the Clinton presidency has entered a new phase. Feminist organizations are finding their voices, as are politicians such as Senator Susan Collins, Republican of Maine, and former Representative Patricia Schroeder, Democrat of Colorado. What they are saying is that Mrs. Willey has moved the crisis beyond its bimbo-eruption phase. Even a proven charge of sexual aggression against a mature, trusting

woman in the throes of a family crisis probably would not shake Mr. Clinton's hold on his office, but it would permanently fix him in the public mind as a person of ignoble character.

The magnitude of this threat explains why Ann Lewis used the "Today" show on Monday to start the White House effort to do to Mrs. Willey what John Danforth of Missouri and other Republicans did to Anita Hill. That is to say that whatever the facts of Mrs. Willey's life, there will be a continuing effort to paint her as an erotically obsessed person who continued to write and call her accused attacker.

We may never know with certainty whether Mr. Clinton has behaved badly toward these women or is just unlucky in the way people talk about him. But it is possible to trace how the Clinton presidency is shaping voters' expectations for the future. Americans are not naive enough to expect candidates with uncomplicated personal lives. But we may see a resurgence of the old conviction that character counts, and that rigorous inquiry into the character of presidential candidates is not an intrusion but a civic obligation.

—THE NEW YORK TIMES

### Answers, Please

When Newsweek magazine first reported allegations that President Bill Clinton had groped Kathleen Willey in the White House, the president's lawyer, Robert Bennett, said his client had no specific recollection of meeting [her] in the Oval Office. "On Monday, the day after Mrs. Willey told her story on CBS's '60 Minutes,'" Mr. Clinton, in denying her account, said, "I have a very clear memory of the meeting."

This is not the first time Mr. Clinton has amended past utterances concerning his relations with women. He revised his presidential campaign in 1992 by publicly denying Jennifer Flowers's claim that she had had a 12-year affair with him. "That allegation is false," he told "60 Minutes." This, to Mr. Clinton, was not a lie. "I have absolutely leveled with the American people," he insisted.

Under oath in his deposition this year in the Paula Jones case, however, Mr. Clinton changed the truth somewhat. Asked if he had ever had sexual relations with Ms. Flowers, he responded: "The answer to your question... is yes." His account now is that the two had sex only once, in 1977.

Similarly, when Paula Jones first accused the president of sexually harassing her, the White House denied everything. "It is not true. He does not recall meeting her. He was never alone in a hotel with her." Yet the president's lawyers, during settlement negotiations, prepared a proposed apology in which he would say "I have no recollection of meeting Paula Jones on May 8, 1991, in a room at the Excelsior Hotel. However, I do not challenge her claim that we met there... She did not engage in any improper or sexual conduct." Now, even as they still contend that he does not remember meeting Ms. Jones, the president's lawyers have introduced an affidavit alleging that Ms. Jones said she enjoyed their encounter.

## Good Doctor Spock

Babies do not arrive with owner's manuals. But for three generations of American parents, the next best thing was "Baby and Child Care," which has sold nearly 50 million copies since it was first published in 1946. Benjamin Spock, who died on Monday, was a quiet revolutionary who breathed humanity and common sense into child-rearing, and passionately extended his concerns to the cause of peace. At the height of the Vietnam War, he saw the tragedy of all those children raised under the guidance of his book going off to fight in a senseless war.

Dr. Spock could never understand why such critics as the Reverend Norman Vincent Peale and Spiro Agnew saw him in the 1960s as a proponent of instant gratification and rebelliousness. In advising parents, he was neither permissive nor authoritarian. His most famous suggestion was "Trust yourself," a dramatic break from the rigid, didactic advice contained in parent guides until that time. The greater shortcoming, Dr. Spock said, was vacillation and being too eager to please. He told parents to respect their children

but not to flinch from insisting that this respect be returned.

There was a quixotic quality to his politics. He spoke out against the war, suggesting to students that they could resist the draft. He was convicted of conspiracy to aid draft resistance, but the conviction was overturned on appeal. He ran for president in 1972 on the People's Party ticket, knowing that sales of his books had begun to suffer because of his politics. But sales revived, and a new generation of children's specialists like T. Berry Brazelton and Penelope Leach were happy to hail his teachings as their inspiration.

The intimate connection that most Americans had with Dr. Spock came in the middle of the night when consulting his book meant the difference between reassurance and anxiety over the unknown. He lightened the burden by telling parents that even if they made a mistake, it was not the end of the world, or of the child. He gave confidence and power to parents by telling them to think for themselves, which is not bad advice for those who raised.

—THE NEW YORK TIMES

## For Chinese, Too, Politics Is About the Pocketbook

By Thomas L. Friedman

HENG DAO, China — While monitoring village elections in northeastern China with a U.S. observer team, I wandered through the hamlet of Heng Dao, dropping in on a farmer-turned-mechanic who had geese and pigs in the front yard but a stereo and color-television inside his brick hut.

Our interpreter asked him what happened to the loudspeaker that the Communist Party had in his "brigade," as small villages were known in Mao's day. The loudspeakers were used to blare out instructions and propaganda from the party. "We took it down last year," the villager said. "No one wanted to listen to it anymore. We have stereo and TV now."

There are many things you learn observing village elections in China, but the overriding impression is this: Not only is China's move toward a free market irreversible, it is now being driven as much from the villages up as from Beijing down.

When people say that in China today the government's only ideology — and basis of legitimacy — is its ability to keep incomes rising, they are so right. Ideologically, the Chinese Communist Party is dead.

In the village campaign speeches we heard, the Communist Party was mentioned in only the most perfunctory references. Instead, every candidate dwelled on his commitment to be "practical" or "pragmatic" in finding ways to raise village incomes.

Sure, the party is still in control, but without any message. None. That's why they have taken down the loudspeakers. There is only one message from the party to the masses now: *Get a job.*

Indeed, what is so striking out here on the Nebraska-like plains of Manchuria is that the pressures on advanced economies — to downsize and streamline government, to seek out foreign investors, to plug into global markets and to become more competitive and more diversified — are squeezing Chinese villages as well.

Almost no one is beyond the frontiers of globalization anymore, even Heng Dao village.

As China becomes integrated into the global market, the Chinese regime is being forced to reduce subsidies to state industries, reduce social benefits and

pressure the whole society to become more competitive. That leads to pressure on the provinces and then the counties, and ultimately it trickles down to Heng Dao, where water buffalo share the roads with motor scooters.

Listen to the campaign speeches for village chief here, and tell me they don't sound as if they are running for mayor of Toledo, Ohio.

The incumbent, Jiang Ying: "I have tried to be very pragmatic in leading the village on the road to wealth. Our annual income is now 2,300 yuan per year. The budget is much smaller, and during my tenure we've gotten many cadres off the village payroll. If elected, we need to introduce more science and technology into agriculture, get more enterprises here and speed up procedures for generating wealth [because] the whole world is turning into one big market for merchandise."

I asked him where he got such ideas. The village has only one telephone. He answered: "I read newspapers. I listen to radio. We have a window frame factory here. Right now we only sell locally, but we were told that if we improved the quality, we can sell abroad, make more money."

His challenger, Chen Guoshuang, vowed: "I will bring happiness to the village. I will use more technology which is the key to bringing wealth. First, we must diversify our economy. Families in Brigade 8 planted sunflowers in hothouses and made much profit. We are near the paved road. We should be in the shipping business. One of our villagers did that last year and earned 10,000 yuan. Really!"

"We can walk with many legs. We will operate our window frame factory according to market demands. We must learn all about the market for aluminum, and improve our factory. With profitable village enterprises, we can reduce taxes, and our children can go to school without us having to pay fees."

So there you have it. All politics is local. All politics is global.

Almost everyone now is feeling the same pressures, constraints and opportunities. Almost every government, no matter how big or small, is having to put on the same Golden Straitjacket — which increases economic growth but shrinks political choices.

Just ask Chen Guoshuang, Jiang Ying and the mayor of Toledo, Ohio.

The New York Times

## Mediated Political Negotiation Is What Kosovo Needs

By Aaron Rhodes

VIENNA — The Contact Group has called on Slobodan Milosevic to "commit himself publicly to begin a process of dialogue" with the leadership of the Kosovo Albanian community. It urged Belgrade to offer the Kosovars "to enter without preconditions into a meaningful dialogue on political status issues."

Diving further into the swamp of sensitivity-group language, the Contact Group offered to "facilitate such dialogue."

It is doubtful if any of the foreign ministers in the Contact Group would want such a "dialogue" with any power subjecting his or her own society to the kinds of measures that the Albanians in Kosovo have endured at the hands of the Serbian police for almost a decade.

Can anyone be expected to engage in a "dialogue" with another person holding a knife to his throat — a knife that has already drawn blood?

Dialogue presupposes equality among partners who exchange ideas and probably seek agreement. Any real dialogue is indeed "without preconditions," as stipulated by the Contact Group.

"Preconditions," however, exist in Kosovo. The Albanians there have lived for years under conditions similar to those suffered by Jews in Nazi-controlled parts of Europe just before World War II.

They have been ghettoized. They are not free, but politically disenfranchised and deprived of

basic civil liberties. They live in fear of torture and murder, in an atmosphere of terror.

It is not surprising that the Milosevic government, responding to the Contact Group, proposed "open dialogue" with the Kosovars, because it is dealing from a position of overwhelming force. It can make concessions from a pot of accumulated power.

Remarks by the Albanian leader Adam Demaci illustrate the inappropriateness of the idea of a "dialogue" in such circumstances. He said there had been no "preparation" for the talks; no agreement had been reached on a "framework" for "dialogue." He noted that the Serbian representatives had

come for a dialogue "as lords to their servants."

A dialogue would work only if the actual preconditions were removed — that is, if the complex array of Serbian policies that have pauperized the Albanians in Kosovo, subjecting them to a kind of apartheid, were removed. A dialogue would work only if the two sides had equal rights.

Kosovo does not need dialogue. What it needs instead is an internationally mediated political negotiation.

Where is Richard Holbrooke when we need him again?

The Helsinki Human Rights Committee in Kosovo, Serbia and Montenegro have proposed that a "Dayton-like" process be initiated. It would require large human and material re-

sources, careful preparation and negotiation of terms; a search for any possible mental space on both sides, in order to leave room to maneuver; creating space when none can be found.

And it would require a huge investment of political capital. One of the major world players has to step up to the plate, ready to break a cycle of violence and tragedy. A major power or a coalition of powers will have to risk failure, in order to shield us all from the risk of war.

In other words, it will require leadership.

The writer is executive director of the International Helsinki Federation for Human Rights. He contributed this column to the International Herald Tribune.

## First Impunity, Then a Crime Wave in Latin America

By Jorge G. Castañeda

NEW YORK — Nearly a quarter of a century after he led a coup d'état that overthrew President Salvador Allende, Augusto Pinochet, 82, has finally relinquished command of Chile's armed forces. He left the presidency in 1989 but remained commander in chief until last week, when the constitution he enacted in 1980 required him to step down. In exchange, he was appointed senator for life.

This appointment, as well as the milestone represented by the resignation, has unleashed a passionate debate in Latin America on how democracies should deal with the ghosts and horrors of their recent past.

Congressmen and activists in Chile are seeking ways to try

General Pinochet or block his Senate appointment. President Eduardo Frei has found himself forced to respect a constitution that in this regard at least is outrageously undemocratic.

There is resurgent discussion in Argentina of the 1987 legislation coding investigation and punishment of military officers responsible for that country's "dirty war" of the 1970s, and of President Carlos Menem's pardon of convicted army generals.

In Mexico, the opposition is confused about how to deal with past human rights violations. It is trying to determine what to do about the corruption that has plagued Mexico for de-

cade and now impels public opinion to intensify demand some sort of retribution.

Initially, the debate seemed simple and forthright. The military, it was believed, would leave power only if they were promised immunity from prosecution for their crimes.

The South American dictatorships would give way to elections, civilian rule and an emergent civil society if they were promised a relatively painless return to the barracks and strict limits on finger-pointing and rumormongering through the past.

Today in Mexico, intellectuals and opposition leaders from the right and the left wonder what to do: whether to in-

vestigate and punish outgoing autocrats perceived by public opinion to have been immensely corrupt, yet who remain immensely powerful; or let bygones be bygones in the name of a smooth and peaceful transition to democratic rule.

The Latin American political and intellectual elites who negotiated the transitions in the 1980s agreed at the time that the best solution was to accept the military's blackmail. This, it was thought, was not too high a price to pay for their departure.

With some exceptions — the Mothers of the Plaza de Mayo in Buenos Aires, the Chilean Communist Party, the Uruguayan hard left — this quid pro quo appeared to be acceptable to society at large.

Apparently, no more. And the motives for the second guessing are not hard to discern. Beyond the crucial and painful ethical questions raised by the families and friends of victims whose tormentors simply walked away from their crimes, dire political consequences of the blanket pardons are now more clearly palpable.

If no one is seriously punished, there is no good reason to believe that history will not repeat itself.

Consider the continuing pressure exerted by the perpetrators of authoritarian rule. The senators-for-life appointed by General Pinochet have become a formidable obstacle to attempts by Chilean democrats to repeal the dictatorship's economic and social legislation and push forward their own agenda.

This even though the current governing coalition has won 50 to 60 percent of the vote in elections since 1989.

• And what of the effects of

impunity on society? In several Latin American countries (as in South Africa), a crime wave is submerging governments and societies. Security forces are overwhelmed by drug cartels, petty thieves, professional kidnappers and ordinary citizens who have, perhaps rightly, concluded that crime pays.

If the torturers, murderers and thieves of the past can get away with anything, why not everyone else? If in South Africa defenders of apartheid, and white former police officers, can confess their horrendous crimes to the Truth and Reconciliation Commission and then go largely unpunished, the common criminals of urban areas may be reaching the right conclusion: Anything goes.

It is increasingly difficult to reconstruct the rule of law in Latin America while determining that it will not apply to exiled presidents, former dictators or midlevel military officers.

It will not be easy to go back to the arrangements and commitments made years ago in Chile and Argentina. Mexican attempts to investigate historical disasters ranging from the 1968 student massacre to inside deals on the recent bank privatizations may all prove futile.

Perhaps the most significant effect of the current introspection lies elsewhere — in forcing elites and public opinion to re-evaluate simplistic conclusions and see that they were too quick and easy for anybody's good.

The writer, author of "Conspirators: The Life and Death of Che Guevara," lives in New York and Mexico City and teaches at New York University. He contributed this column to the New York Times Special Features.

## Look Who's Running Britain

By Roy Denman

LONDON — There has been much excitement lately about the interference of Rupert Murdoch, the media tycoon, with the right to free expression by authors.

HarperCollins, a publishing house now owned by Mr. Murdoch, contracted with Chris Patten, the last governor of Hong Kong, to publish an account of his experiences. These turned out to be highly critical of China. Fearing an adverse effect on his media interests there, Mr. Murdoch, who is referred to engagingly in internal HarperCollins memoranda as KRM, ordered the contract canceled.

An attempt to cover this up by alleging that the manuscript was not up to standard backfired. The affair was taken up joyfully by a number of gentlemen who are not fond of Mr. Murdoch, including a newspaper group that is in cut-throat competition with him.

Little sympathy should be spared for Mr. Patten. Anyone who thinks that, knowing nothing of China, he could browbeat its government into making more concessions to democracy in Hong Kong than had been ardently negotiated by those who did know China is evidently naive.

It is equally naive to imagine that Mr. Murdoch is some otherworldly, cloistered academic and not someone in the media business who wants to make a profit.

As it is, Mr. Patten has done well out of the deal. He has secured an apology from the great KRM, a handsome out-of-court settlement from HarperCollins, a new publisher and lots of free publicity.

But let us not miss the point here. The dark side of the influence of media tycoons is not

so much the rejection of manuscripts which, if published, would damage their commercial interests. It is the way in which they can dictate government policy on crucial issues. That has happened in the two most important peace-time decisions by a British government in this century.

The first was in the spring of 1919. Prime Minister David Lloyd George had become convinced that the terms being negotiated in Paris of what would later become the Treaty of Versailles were unduly harsh on a defeated Germany.

Jan Smuts, the South African prime minister, warned him that such a treaty would result in another war in a generation. Lloyd George retired with his advisers to Fontainebleau and wrote a trenchant memorandum to that effect. "Injustice, arrogance, displayed in the hour of triumph, will never be forgotten or forgiven."

The memorandum leaked. On April 8, a telegram inspired by Lord Northcliffe, the KRM of the day, and signed by 200 MPs was sent to Lloyd George in Paris. It spoke of "the greatest anxiety" at any watering down of the peace terms. The telegram was published in full the next day in the Times (then owned by Northcliffe). Lloyd George backed down.

In June, the vindictive Treaty of Versailles, inflicted on Germany at gunpoint, was signed. Without that national humiliation, Hitler would never have come to power. The Second World War would not have happened.

The second case was in the autumn of last year. A new

Labour government had to decide whether or not to join a single European currency. It decided on a policy of indecision. Britain might or might not join in 2002.

But in six weeks' time the euro will be up and running. A bloc of 11 countries will begin forming a new superpower of 290 million people and a GNP of \$6.5 trillion. For years, Britain will be on the outside, looking in.

The reason for the second decision, too, was fear of antagonizing a press magnate.

Ever since the Labour Party first took office in 1924, it has never completed two full consecutive terms. So Tony Blair is desperately anxious to win the next election. Meanwhile, Mr. Murdoch is aware that on any question of limits on media ownership, a British prime minister will be more amenable than a clutch of officials in the European Commission in Brussels.

If Tony Blair opted now for further integration into Europe, the Murdoch press (in particular the Sun, with its 8 million readers) would savage him. Not that Mr. Murdoch would give orders to this effect. It would simply be that, by some mysterious process of thought transfer, his editors would share his convictions.

In 1919, the real prime minister was not Lloyd George but Northcliffe. The real minister now is not Tony Blair but Rupert Murdoch.

Britain has long had cause to regret the first. It will come to regret the second.

The writer, a former representative of the European Commission in Washington, contributed this column to the International Herald Tribune.

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## OPINION/LETTERS

## A Momentous Blunder on NATO

By David S. Broder

WASHINGTON — This week the United States Senate, which counts among its major accomplishments this year reaming Washington National Airport for former President Ronald Reagan and officially labeling Saddam Hussein a war criminal, takes up the most successful military alliance, the North Atlantic Treaty Organization.

The Senate just spent two weeks arguing over how to slice the pork in the \$214 billion highway and mass transit bill. It will, it plans to, spend only a few days on moving the NATO shield hundreds of miles eastward to include Poland, Hungary and the Czech Republic.

The reason is simple. As Senator Connie Mack of Florida, the chairman of the Senate Republican Conference, told me while trying to herd reluctant senators into a closed-door discussion of the NATO issue one afternoon last week, "No one is interested in this war," so few of his colleagues "think it worth much of their time."

It is a cliché to observe that since the Cold War ended, foreign policy has dropped to the bottom of voters' concerns. But, as two of the veteran senators who question the wisdom of NATO's expansion, Democrat Daniel Patrick Moynihan of New York and Republican John Warner of Virginia, remarked in separate interviews, serious consideration of treaties and military alliances once was considered what the Senate was for.

No longer. President Bill Clinton's national security adviser, Sandy Berger, has pressed the Senate majority leader, Trent Lott, to get the NATO deal done before Mr. Clinton leaves Sunday on a trip to Africa.

When Senator Warner and others said the matter should be delayed until the Senate had time for a full-scale debate, Senator Lott refused. He pointed out that a Senate delegation had joined Mr. Clinton at NATO summit meetings in Paris and Madrid last year (no sacrifice being too great for our solons) and that there had been extensive committee hearings.

Wrapping the three former Soviet satellites in the warm embrace of NATO is an appealing notion to many senators, notwithstanding the acknowledgment by advocates that the Czech Republic and Hungary have a long way to go to bring their military forces up to NATO standards. As the date

for ratification has approached, successive estimates of the costs to NATO have been shrinking magically, but the latest NATO estimate of \$1.5 billion over the next decade is barely credible.

The administration, in the person of Secretary of State Madeleine Albright, has steadfastly refused to say what happens next if NATO starts moving eastward toward the border of Russia. "The door is open" to other countries with democratic governments and free markets, Mrs. Albright says. The administration is fighting an effort by Mr. Warner and others to place a moratorium on admission of additional countries until it is known how well the first recruits are assimilated.

Mr. Moynihan points out that if the Baltic countries of Latvia, Estonia and Lithuania, which are panting for membership, are brought in, the United States and other signatories will have a solemn obligation to defend territory farther east than the westernmost border of Russia.

He points to a Russian government strategy paper published last December saying that the expansion of NATO inevitably means Russia will have to rely increasingly on nuclear weapons.

Senators Moynihan and Warner are far from alone in rais-

ing alarms about the effect of NATO enlargement on U.S.-Russian relations.

The Duma, Russia's Parliament, on Jan. 23 passed a resolution calling NATO expansion the biggest threat to Russia since the end of World War II. The Duma has blocked ratification of the START-2 nuclear arms agreement signed in 1993 and approved by the Senate two years ago.

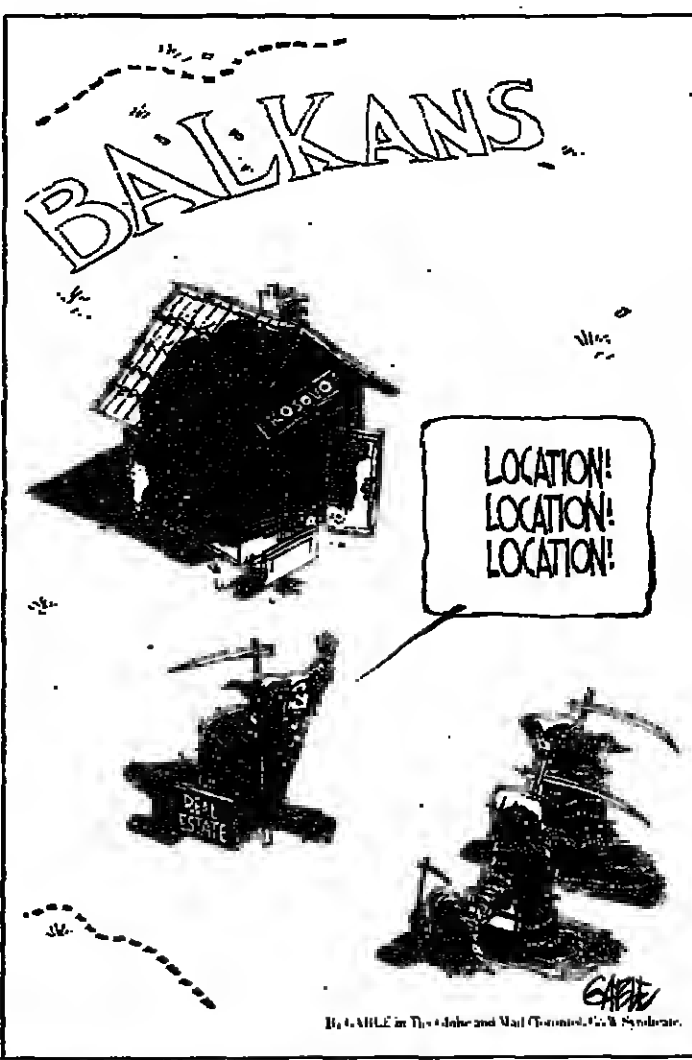
George Kennan, the elder statesman who half a century ago devised the fundamental strategy for "containment" of the Soviet Union, has called the enlargement of NATO a classic policy blunder.

Former Senator Sam Nunn of Georgia, until his retirement last year the Democrats' and the Senate's leading military authority, told me: "Russian cooperation in avoiding proliferation of weapons of mass destruction is our most important national security objective, and this [NATO expansion] makes them more suspicious and less cooperative."

"The administration's answers to this and other serious questions are what I consider to be platitudes," he said.

To the extent that this momentous step has been debated at all, it has taken place outside the hearing of the American people. Too had our hasty Senate cannot find time before it votes to let the public in on the argument.

The Washington Post



By GABE in The Globe and Mail (Toronto), G.A. &amp; S. &amp; S.

## Character and Leadership: Why the Two Are Linked

By Billy Graham

A SHEVILLE, North Carolina — Regardless of the outcome of the investigations into President Bill Clinton's alleged misconduct, the controversy swirling around him has raised one question that must not go unanswered: Should those in positions of leadership be held to a higher standard?

## MEANWHILE

of moral and ethical conduct than ordinary citizens?

Admittedly, on the one hand, those of us who affirm historic Judeo-Christian moral values — values based on what we believe to be God's will as revealed in the Ten Commandments and the Sermon on the Mount — assert that wrong is always wrong, no matter who commits it.

The Bible teaches that sin is the breaking of God's moral law. It always has repercussions: "be sure your sin will find you out," the Bible says (Numbers 32:23) — either here or in the next life. None of us can claim to be exempt.

The Bible says, "There is no difference, for all have sinned and fall short of the glory of God" (Romans 3:22-23).

However, those entrusted with leadership — whatever their field — bear a special responsibility to uphold the highest standards of moral and ethical conduct, both publicly and privately.

Jesus's words in his parable of the faithful and wise manager are still true: "To whom much is given, of him much will be required" (Luke 12:48).

Those who have the greatest standing in society — whether clergy, politician, business person, labor leader, athlete, entertainer or anyone else who is a role model — also have the greatest need of personal integrity.

The question is asked, Why can't we just ignore personal character, as long as a person does the job? Simply stated, it is because the stakes are too high and the impact on society is too far-reaching. The greater the visibility, the greater the impact.

A leader's moral character, first of all, influences the way he or she does his or her job. There simply is no such thing as a fire wall between what we do privately and what we do publicly. Can someone who consistently lies or deceives or

cheats in his personal life be trusted in a business deal or a courtroom or a political agreement?

I have known 10 presidents, some as close friends. I knew most of them before they became president and have been in their homes and glimpsed their family lives. I have had long talks with them. All faced temptations and pressures most of us can barely imagine.

Most of the presidents I have known were dedicated and thoughtful men who sincerely sought to serve their country. When I learned later of moral failures or compromises in some instances, it grieved me deeply.

It also made me search my own heart. I feel that people have put me on too high a pedestal; we do the same with other leaders. I know, however, that I am not as good as some people think I am. I have to depend on God every day to help me live as I should.

Only time will tell whether President Clinton has betrayed the trust we Americans have placed in him as our leader.

We need to pray fervently for him, for everyone involved in this controversy and for our country. We must not be tempted, however, to divorce character from leadership. That would be tragic.

Ultimately, however, the question of moral character comes down to us as individuals, and to the decision we each must make about our own moral and spiritual foundations. When we point a finger at the president, let us point another finger at ourselves for our sins. Jesus taught that if we even think an immoral act, it is the same in God's sight as the act itself.

The greatest need in America is for a moral and spiritual renewal. This comes, I believe, only as we turn in repentance and faith to the living God, who stands ready to forgive and renew us from within.

The writer is an evangelist and the author, most recently, of "Just as I Am." He contributed this column to The New York Times.

## LETTERS TO THE EDITOR

## Papon Trial

Regarding "Between Yawns, the Shock of History" (Opinion, March 5) by Amy E. Schwartz:

How sad it is that we continue to drag 87-year-old men to trial bopping, on the basis of 50-year-old evidence, to punish those responsible for the crimes of World War II. True justice after so long a time cannot be reached with any degree of reliability.

Those truly guilty parties that are still alive have lived a long time with their guilt and would not acknowledge it under any circumstances. Either way, they soon will pass on to their inescapable final judgment.

I do not understand the passion of those who continue to seek this charade of justice.

Better to follow the South African model: Offer amnesty to any and all who will come

forward to tell their view of the truth.

ROBERT M. FENSKKE,  
Frontenac, Minnesota.

## Afghan Relief

Regarding "Sovereignty vs. Human Rights" (Opinion, March 12) by Flora Lewis:

Referring to a campaign for the women of Kabul, Flora Lewis writes that it was organized by the European Union and the relief organization Médecins Sans Frontières (Doctors Without Borders). In fact, the humanitarian medical relief organization that she should have cited was Médecins du Monde (Doctors of the World).

DIANE SELIGSON,  
Paris.

The writer is a spokeswoman for Médecins du Monde.

Médecins Sans Frontières did not organize the "flower for the women of Kabul" campaign with the European Union. We also do not "feed it inappropriate" to discuss how to pressure Afghanistan's Taliban regime, as the article stated.

On the contrary, as an international relief organization working in Afghanistan since 1980, Médecins Sans Frontières has continued to work in the field and to negotiate locally and internationally for equal access to health care for all people at all levels.

In September of last year, when hospital care for women was severely limited — to 45 hospital beds for the whole of Kabul — we successfully campaigned for the Taliban edict to be reversed. We also highlighted the need for the UN's World Health Organization to honor its own principles and

refrain from funding discriminatory health policies.

Since then, women's access to health care has improved in Kabul, although a lot more collaborative work at all levels is needed if Afghanistan's people are to have equal access to health care.

SAMANTHA BOLTON,  
London.

The writer is a spokeswoman for Médecins Sans Frontières.

## On the Bright Side

Regarding "Mile-Wide Asteroid to Come Dangerously Close" (March 13):

The article focused unnecessarily on the negative aspects of an asteroid impact on Earth. On the bright side, there might be fewer theme parks and halls of fame.

LEE LARSON,  
Paris.

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## Announcements

## BAREME AS 24

## AU 18 MARS 1998



# From a Frantic Williams to the Bleak Depths of Beckett

By Sheridan Morley  
International Herald Tribune

**L**ONDON — A week of stark theatrical contrast: at the bleak end, a couple of Beckett revivals, while in the neo-Gothic corner Tennessee Williams' epic farago "Camino Real" (Young Vic), the one that gives us a club-footed Byron, a disenchanted Casanova, Don Quixote de la Mancha and La Dame Aux Camelias all gathered together in some (presumably South American) police state to dream of escape and recall their former romantic glories. If you imagine "Casablanca" reworked as a drug nightmare you will have some idea of what is going on, though not a lot; Williams has no interest here in plot or logical development, just a vague desire to bring together some literary and dramatic superstars and see if anything happens as they crash into each other's fantasies, egos and disasters.

And yet, when I first saw this play in a Peter Hall production at the Phoenix in 1957, it was the one that convinced me of the genius of both author and director. I was admittedly 16, which is a perfect age for a tourist trip to the "Camino"; 40 years later, one is apt to start noticing the creaky nature of the piece and its flamboyant failure to find any kind of resolution for any of its characters.

For once, it is not a problem of RSC understating: Steven Pimlott has managed to gather a rare collection of star character players (Peter Egan, Susannah York, Paola Dionisotti, Jeffrey Wickham, Peter Reeves, David Collings) all of whom are usually what the company lacks most at home. Only Leslie Phillips, in the narrator role that requires at best the late Sydney Greenstreet, Orson Welles or Peter Ustinov, seems as uneasy as the play itself; the others grab their own fragile moments and play them like a series of solo turns on a classical vaudeville bill, probably

the best way of handling Williams' fantastically overwrought purple prose.

Seen now, "Camino Real" conceals a desperate kind of autobiography; Williams was, after all, a poet unable to complete his own life or deal with the borderline at which his household dreams became nightmares of love and loss, and you can find him in almost every one of the characters here.

The play resembles some vast, crumbling cathedral in which the individual bricks are more intriguing than the edifice; it is often close to unplayable, sometimes close to unwatchable and yet the RSC, as ever vastly happier at the Young Vic than their main Barbican home, deserve credit that they have not elsewhere had for bringing it back to us. We shall probably have to wait another 40 years before we get to see it again.

With the Old Vic shuttered and for sale, Peter Hall (courageously aided by

the impresario Bill Kenwright) has had to move his company to the Piccadilly, a vastly less welcoming space where a season that will include Judi Dench in "Filumena," Jemma Redgrave as "Mamma Mia!" and Elaine Paige in "The Misanthrope" gets off to a low-key start with a revival of the "Waiting for Godot" that at the Vic last summer starred Ben Kingsley and Alan Howard.

Now we get Julian Glover and Alan Dobie as the Irish tramps awaiting the never-to-be-seen Godot. And though this is still an immensely strong and intelligent revival, something of the charisma of the original is lacking.

The greatness of "Godot" (originally uncovered by Hall in a much abused 1955 staging) is the way it stares into the void and still finds a few bleak laughs down there. And we now get an intriguing chance to compare it with the altogether darker "Krapp's Last

Tape," which Edward Petherbridge is playing and co-directing for a very few performances in the Barbican Pit.

Written eight years after "Godot" for Patrick Magee, this is a still bleaker account of an old man and a tape recorder, having to choose between the pain of the present and the still greater pain of the spooling past. Though he has none of the throaty resonance of Magee, Petherbridge manages an altogether more foreboding and theatrical figure, none the less haunting for that.

AND finally, in yet another ghastly week for the arts in Britain, with the entire Arts Council being forced to resign ostensibly for reasons of efficiency—in reality a transference of all power to the new chairman—and the Royal Opera House being flogged off to the highest bidder—always assuming one could be found—I have a modest proposal. Certain things we now know: There is

no sadder sight than that of the Old Vic boarded up; the RSC can manage at the Young Vic, but is still in deep trouble at the Barbican; and the Piccadilly, to judge from a scanty second-night audience at "Godot," is never going to work for Hall the way the Vic did so magnificently last year, until the Mirvises felt forced to sell (not that they have, as yet).

Right, here's the proposal: the RSC withdraws to Stratford, as it is in the process of doing anyway, and survives there on the tourist trade, much like Chichester. If it gets a hit, the company can move it to the Young Vic, and a little of its multi-million pound grant should be left for doing just that. The rest of the grant should now go to Hall, allowing him to buy the Old Vic and run the best classical rep in the country. The Barbican can then be left to movies, conferences, visiting companies and anything else John Tusa can find.

Any better ideas?

## The Lojo Band: World Music With a Geography All Its Own

By Mike Zwerin  
International Herald Tribune

**P**ARIS — One more proof of the power of World Music. We're talking goose bumps here; hair rising on the back of necks.

The World Music band called Lojo is so original that if they do not break through commercially it might turn out to be our fault. Our loss. Listeners need to stretch, in other words, invest their intelligence like with a good movie in order to pick up on it.

Formed in 1982, the Lojo band taught themselves and each other a considerable degree of musical technique and style. They read history books and discuss them. They continue to work hard at learning.

Structured collectively, with income divided equally, they are all either from Angers or they moved there within the past decade. Angers is a provincial city in western France, between Nantes and Tours. Factories and alcoholics dot the landscape, which is flat, windy and polluted.

The community did not approve of us at first," said Lojo's leader, Denis Pean. "But now they are finally coming to us. They realize that they have ignored us for 15 years, and they feel a bit guilty about it." They could not really be ignored. They were part of the landscape. They were natives, after all; family in the broad sense of the word.

They bill themselves as a tribe. The

term does not carry the "Easy Rider" exclusive affectation of 30 years ago. It's a plain statement of fact. An extended family with responsibilities to each other. Pean — singer, lyric writer and keyboardist — is a native.

Nicolas Kham Meslien is from the Caribbean. Nadia Nid El Mourid and Yamina Nid El Mourid, the sisters who sing, dance, clap hands and play percussion instruments in front of the group, are of Berber origin.

There is also a violinist, an accordionist and a drummer; plus management, sound and light people. Ten in all.

Most everybody lives in a large communal house. And there are other, smaller, houses scattered about nearby.

"It is very bourgeois around here," Pean said. "There is a mundane idea of culture. They like classical music. And if musicians play rock or jazz, they must have made a reputation somewhere else to be appreciated. It's a kind of lack of self-respect. 'If you're so good, what are you doing here?'"

Lojo is being recognized by more and more, and more sophisticated, people. Over the next few months, they have work in Lyon, Marseille, Aix-en-Provence, le Printemps de Bourges and Peter Gabriel's "Womad" Festivals in Seattle and Caceres, Spain.

Their pay can go from \$400 to maybe \$5,000 a night. Total. No matter what, the money is split equally. Their new album, "Mojo Radio" (Emma Produc-

tions) is to be released March 20.

The basic mixture is North African crossed with Afro-Cuban sources; with touches of the French chanson, Gypsy dances, and rock 'n' roll.

Every influence has its place. The many elements are not encouraged to go anywhere they ought not to be. Pean sings in Arabic, French, Spanish and English.

It is music of the world with a geography all its own. The elements are tied together by wide bridges. Powerful, moody Arabic modes mix with a rock back-beat and hand-clapping double-time with claves and a triangle chipping in.

A soprano saxophone (played by Yamina, who is new at 10), accordion and violin play extended lines in unison à la Weather Report. They can be in 5/4 or 7/4 time.

BOTH Nadia and Yamina have great grace, beauty and musical sophistication. The intervals they sing are complex without showing off. Their smiles are more than a mere hustle of joy. Yamina, a beauty of startling proportion, has a face reminiscent of Garbo and her dance is a demonstration of what swing should look like.

"Many people have passed through the group," Pean is shy and speaks slowly and softly but with determination. "It was very difficult to sustain a group with good musicians without



Lojo: They have taught themselves and each other a considerable degree of musical technique and style.

money. So many factors — the human problem, the politics, philosophy, musical questions. We ask ourselves what is a musician's place in the world. We find very few answers. So we keep asking.

"The name Lojo means nothing. It is just a sound. Basically, Lojo is a school. Everybody learns. Everybody teaches. We rehearse in the house. Sometimes we'll have public rehearsals in a small cultural center nearby just to have the experience playing for people."

Rehearsals work like this. Someone will come up with a guitar lick, a verse,

a bass line... whatever. It doesn't matter who or what, there are no specialists. Somebody else adds another element. And so on.

GABRIEL'S "Womad" festival is prestigious. The two this year will be Lojo's first. Gabriel, known for his good ears and open spirit, is a fan.

Lojo has already worked at Lincoln Center in New York — somebody introduced them to somebody, Pean is not sure to whom or when; and he seems unaware of, or at least unimpressed by,

the value of this valuable credit.

"They've played Cramps, also in New York, and they had 'A lot of success in Poland' and 'good contact' in Germany, Spain and Belgium. They've worked Black Africa — Mali and Benin. And on the island of Reunion."

Pean has one habit that is, unfortunately, politically incorrect in this business, where being late is "hip." He shows up right on time. "I believe in the power of words," he said. "I think that I should do what I say I am going to do. On every level. If I say I am going to do something, then I do it."

### BOOKS

**TOY WARS:**  
The Epic Struggle  
Between G.I. Joe,  
Barbie and the  
Companies That Make  
Them

By G. Wayne Miller. Times  
Books. 348 pages. \$25.

Reviewed by  
Jonathan Yardley

**T**HIS obviously was not G. Wayne Miller's intention, and indeed it is a judgment with which he presumably would differ, but here you have it: Assembled within the pages of this book is as disagreeable a cast of characters as one could ever pray not to meet.

They are the men and women — mostly men — who preside over the design, manufacture and marketing operations of the world's two largest toy companies.

Their turns out to be a pretty rotten business, and they for the most part appear to be pretty genuine stinkers.

Miller, a reporter at the Providence Journal-Bulletin in Rhode Island, began this

book as a study of G. I. Joe, the "signature toy" of Hasbro, the big Rhode Island-based company, but his research took him into a broader arena: the brutal, bitter competition between Hasbro and Mattel for domination of the huge, lucrative toy market in the United States and other countries.

Business being business, no one will be surprised that there are many tough guys (or would-be tough guys) in this tale, or that rough tactics are employed in the battle for domination and profit. But the spectacle of grown men and women cynically exploiting the naivete and vulnerability of children — with no real thought or concern for the well-being or education of those children — is genuinely repellent.

The central figure of the story is Alan Hassenfeld, who assumed control of Hasbro after his brother, Stephen, died in 1989 of AIDS.

To the extent that Miller has a good guy in his cast, Hassenfeld is clearly meant to be the one; he's loyal to little old Rhode Island, he believes "corporate success

without social responsibility [is] immoral," and for the most part he treats his employees decently. But even he doesn't come off as well in this account as Miller seems to believe he does.

Part of the problem is that Hassenfeld took office in the shadow of his brother, "the father of the modern toy company," who in the 1980s left Mattel in the dust — temporarily, as it turned out — and made himself a legendary figure.

Within the Hassenfeld family and without — and within Alan Hassenfeld himself — there was terrific pressure to live up to Stephen's legend and legacy.

As Miller writes, in the overwrought prose to which he is susceptible, "When tragedy forced [Alan's] hand, he knew the long shadow of his brother would be upon him. Just how long, he could not have imagined."

The other problem is that virtually every American business now operates under a "merciless mandate of growth and profitability."

Everything from competition to the demands of stockholders to the stock market itself pushes a business to get bigger and bigger, often to the point that the qualities from which its original success arose are diminished or lost.

"This company is no longer one person or five hundred people," Hassenfeld said after a merciless "restructuring" imposed by concerns about efficiency and profit.

Later his right-hand man, Al Verrecchia, a bean counter, said: "I... don't think we can promise a warm fuzzy place anymore. It's not

## Dancers Hit Gold on the Road

By Celestine Bohlen  
New York Times Service

**F**LORENCE — The Balletto di Toscana, which started its first North and South American tour on Friday, is in many ways an Italian cultural anomaly.

The company is private, it is small, its repertoire is modern and its success is greater abroad than at home, where contemporary dance is often forgotten in the institutional bias for the big splashy productions of Italy's state-financed opera houses.

When the Balletto di Toscana recently went to Frankfurt with its popular "Mediterranea," an exuberant and haunting homage to the diverse cultures that share what the Romans called Mare Nostrum (Our Sea), there was a 10-minute standing ovation.

The same ballet, a 1993 work by the Italian choreographer Mauro Bigonzetti, played to a half-empty house recently in the northern Italian city of Brescia.

But none of this bothers Cristina Bozzolini, 54, the former prima ballerina who founded the company in Florence in 1985 as a way of giving Italian dancers an opportunity she never had: to perform contemporary choreography.

"I was frustrated," said Bozzolini, now the company's artistic director and still its driving force, speaking after a performance in between squeals from her cellular phone. "So I set up my own company."

In the beginning, she explained, most of the Balletto di Toscana's 12 dancers, all of them classically trained, were foreigners, since most good Italian dancers had to go abroad to explore their talents.

NOW the company has 16 full-time dancers, all but two of them Italian, a proportion that makes her proud.

Being small has allowed the company to maintain high professional standards — with an emphasis on rigorous dis-

cipline that is evident in performances. Even when the company could not afford more than a dozen dancers, it was able to keep to its schedule, with none of the last-minute changes and cancellations common to state-owned companies.

"We have never missed a show," Bozzolini boasted.

The company, which is on the road for all but 10 performances a year in Florence, has now performed 80 ballets in all.

It keeps 10 in its current repertoire, which includes varied offerings like Prokofiev's "Romeo and Juliet," choreographed by Fabrizio Monteverde, and "Blue Note" and "Don Giovanni," two newer works by Bigonzetti.

"Mediterranea" is the only work being performed on the two-month tour and will be offered at the Joyce Theatre in New York for a week.

"Everyone wants this ballet," said Bozzolini. "It's about seas, about countries, about people overcoming their differences."

### BEST SELLERS

Fiction		
Week	Last Week	
1 THE STREET LAWYER, by John Grisham	1	4
2 PARADISE, by Tom MacArthur	2	8
3 COLD MOUNTAIN, by Charles Francis	3	36
4 BLACK AND BLUE, by Anna Quindlen	4	5
5 THRILL, by Jackie Collins	5	14
6 THE CAT WHO SANG FOR THE BIRDS, by Dean Koontz	6	7
7 MEMOIRS OF A GEMMA, by Arthur Golden	7	11
8 FEAR NOTHING, by Dean Koontz	8	17
9 BIRTHDAY LETTERS, by Ted Hughes	9	4
10 CUBA LIBRE, by Elie Lerner	10	5
11 NUMBERED ACCOUNT, by Christopher Reich	11	12
12 SEAL FORCE ALPHA, by Richard Marcinko and John Wozniak	12	14
13 A CERTAIN JUSTICE, by P. D. James	13	9
14 THE WINNER, by David Baldacci	14	10
15 SINGING IN THE CLOSERACK CHAIR, by Rehe Moore Campbell	15	1
Nonfiction		
1 TALKING TO HEAVEN, by James Van Praagh	1	10
2 ANGELA'S ASHES, by Frank McCourt	2	78
3 TUESDAYS WITH MORRIE, by Mitch Cullin	3	21
4 MIDNIGHT IN THE GARDEN OF GOOD AND EVIL, by John Bernard	4	191
5 THE LION, by Thomas J. Stanley and William D. Duggan	5	60
6 THE LONG HARD ROAD OUT OF HELL, by Marilyn Manson with Neil Strauss	6	3
7 JAMES CAMERON'S TITANIC, by Ed W. Marsh	7	6
8 JACKIE AFTER JACKIE, by Christopher Lasch	8	3
9 THE PERFECT STORM, by Sebastian Junger	9	40
10 INTO THIN AIR, by Jon Krakauer	10	45
11 THE RAPE OF NANKING, by Iris Chang	11	7
12 CONVERSATIONS WITH GOD: Book 1, by Neale Donald Walsch	12	65
13 THE MAN WHO LISTENS TO HORSES, by Monty Roberts	13	30
14 CITIZEN SOLDIERS, by Stephen E. Ambrose	14	17
15 TITANIC: Legacy of the World's Greatest Ocean Liner, by Susan Welch	15	6
Advice, How-To and Miscellaneous		
1 SIMPLE ABUNDANCE, by P. D. James	1	101
2 DON'T WORRY, MAKE MONEY, by Richard Carlson	2	12
3 MEN ARE FROM MARS, WOMEN ARE FROM VENUS, by John Gray	3	228
4 EAT RIGHT, YOUR TYPE, by Peter J. O'Leary with Catherine Whitney	4	1

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**CROSSWORD**

ACROSS

1 Under (concealed)

2 Woman's shoe

3 "Casse and deest"

4 Irene, Dike and Eunomia

5 Positive

6 Sigma

7 Spooky board

8 Kind of list

9 Beauty (apple variety)

10 "Finally!"

11 Food

12 Honest one

13 Under (concealed)

14 Woman's shoe

15 "Casse and deest"

16 Irene, Dike and Eunomia

17 Positive

18 Sigma

19 Spooky board

20 Kind of list

21 Beauty (apple variety)

22 "Finally!"

23 Food

24 Honest one

25 Formel hat, informally

26 Lawyer's hurdle

27 Firecracker

28 First-rate

29 Korean statesman

30 Tomé and Principe

31 Collage sports org.

32 Disgust

33 Polo competitor

34 Summit

35 Bellyache

36 Nimble

37 Football's Armstrong

38 Later

39 Hinders legally

40 Corset prep

41 Copped up at McDonald's

42 Abbr. on old Asian maps

43 Paint job finale

44 Pentameter parts

45 Questionable cradle location

46 Aquarium fish

47 Glide slot

48 "Speckled" fish

49 Bread for a Reuben

50 G

51 Betrayer of the Moor

52 Women's Tour sponsor: Abbr.

53 Fully informed about

54 Of "Lou Grant"

55 Mot boss

56 Doubt-conveying interjection

57 Retain in many early Beatles songs

58 Entrepreneur's dog

59 Gaps

60 Hust-hust

61 Right-hand pages

62 Rules

63 Up on deck

64 Stare

65 Logic for Santa's team

66 Singer Bonnie

67 Samson capital

68 Fuzzy fruit

69 Sporting rapier

70 Bookworm

71 Taper's woe

72 Stowe girl



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# BUSINESS TO e-BUSINESS: INSURANCE

## NEW COMPETITORS AND E-COMMERCE SHAKE UP INDUSTRY

Deregulation and changing customer preferences are other factors driving change in insurance.

In spite of its conservative reputation, the insurance industry is entering the era of e-business with open eyes.

Seventy-two percent of insurance executives participating in an in-depth study called "MarketSpace Directions in the Global Insurance World" believed that electronic commerce will have a profound impact on reshaping their industry over the next 10 years.

The study, conducted by IBM and partners The Economist Intelligence Unit and Intersearch Corporation, also predicted a 300 percent increase in non-traditional insurance marketing initiatives in the next five years, including telemarketing, electronic access and the bundling of insurance products with other goods and services.

Ginni Rometty, general manager of IBM's global insurance business, points out that insurance companies

By defining specific communities within the Internet environment, companies can move affinity group marketing, a stalwart of the insurance industry, into the digital realm.

according to the study, Ms. Rometty adds to that list the evolution of the euro, with both technical and strategic implications for all financial services.

New competitors Insurers see competition from banks and brokerage firms as the most important factor influencing the future of their industry. The latter are viewed as sophisticated marketers, with integrated databases that enable better customer management, product development and promotional communications. The same can be said of non-traditional competitors in retail, telecommunications and computer services.

New technologies such as the Internet, interactive television and electronic kiosks are seen as the next most important factor influencing insurance, says the study.

Some insurance companies have already begun using the Web and intranets to sell and deliver policies, process claims, improve communications with their brokers and bundle their products with those of other companies.

IBM has developed a full range of technology solutions for the industry, which it calls Insure-Commerce. These include products to help with the business-to-business sector.

"Business-to-business communications are growing five times faster than business-to-consumer," points out Ms. Rometty, "and insurance companies can reap great benefits here."

Who is the customer? Insure-Commerce also includes business-to-consumer solutions that include—but go far beyond—the basics of helping insurers develop Internet strategies and Web sites.

An example is IBM's Customer Prospect Optimiser, which reveals what kinds of customers buy what products. It also reveals the preferences



In a global survey, 72 percent of insurance executives said they believe electronic commerce will have a profound impact on their industry. Some insurance companies have already begun using the Web and intranets to sell and deliver policies, process claims, improve communications with their brokers and bundle their products with related types of products and services.

## HOW TO FIND AND KEEP PROFITABLE CUSTOMERS

An integrated profile of a customer can be created from data a company already has on hand.

Insurance marketers today would take heart from Robert Frost's famous line, "Something there is that doesn't love a wall, that wants it down."

The wall separating Mr. Client's account in the same company by policy line means that marketing and customer service never have a full profile of Mr. Client. Did he buy a low-cost term life policy one year and a rather expensive homeowner's policy two years later? Insurance companies wanting to take full advantage of the information stored on their computer systems are often hampered because their existing systems were set up separately by product line. This means that there is no integrated profile of the customer who buys term life one year and a homeowner's policy the next.

Product development based on market segmentation was "relatively crude" in the past, says Thierry Polski, global segment manager, IBM global insurance. But today insurance companies need to understand their customers better, or a competitor who does will take away business.

Some customers want "infinite variety" in insurance offerings, others don't, explains John Moon, IBM global insurance unit. "Companies have to decide which market they want and then develop products for that segment."

For example, Direct Line, a British insurer, offers a few standard policies on-line geared to the middle-class majority. It supports them with high-quality customer care, targeted marketing and low prices.

To build customer management systems, insurance companies must combine the information stored in their databases, much as banks and brokerage firms have been doing for more than a decade. Technology provides the tools to put this data together, cleanse it and store it in data warehouses where it may be accessible to the marketing department, finance or the broker network. "Building a marketing database takes between six and 12 months," says Mr. Polski, "but the payoff can be a significant reduction in marketing costs."

IBM's Customer Prospect Optimiser helps companies identify the most likely prospects for certain lines of business, based on past customer behavior. A campaign management application to help insurance companies build and track their marketing efforts, linking the results to the data warehouse, is also required. "You can follow the different steps of the campaign and gather information from the resulting contacts, whether they come through the agent, a call center, direct marketing or a Web site," explains Mr. Polski.

Just a 5 percent improvement in customer retention rate equals a 36 percent increase in profitability for insurers, according to a study by Bain & Co., a management consulting firm.

### FOR MORE INFORMATION ON e-BUSINESS:

Contact IBM by e-mail at [kbousquet@fr.ibm.com](mailto:kbousquet@fr.ibm.com) or by fax at +331 41 88 52 50.

For examples of European e-business initiatives, consult <http://www.europe.ibm.com/nc/customer>.

Look for the "Business to e-Business" series on the IHT Web site at <http://www.ihtribune.com/IHT/SUP/ebiz.html>.

The Web version of "Business to e-Business: Insurance" hotlinks the following key words to other relevant Web sites:

● Marketspace ● Internet risks ● Secure Electronic Transaction ● data warehouse

## on the Road

## BUYING ON THE WEB (OR IS IT SELLING?)

Customers are checking out prices on the Net.

Do customers buy insurance, or is it sold to them? The question is a serious one for insurance companies that wonder about selling insurance directly over the Internet.

Because of its nature, insurance is a "grudge service product, not one people seek out spontaneously," says Schoeman Rudman, director, networking computing, IBM global insurance.

It would seem that customers would not be as motivated to shop the Web for

mail and telemarketing, John Moon, marketing manager, customer relationships management solutions, IBM global insurance, describes it as "another technological development of the telephone."

Telemarketing of insurance products has been extremely successful in Britain and in the United States. Although continental Europe today looks at the telephone—and by extension the Internet—more as a service medium than a buying medium, that too is changing.

Checking out prices As a first step, consumers can use the Web to compare prices and features from Web site to Web site.

"Prices are everywhere on the Net," says Mr. Rudman of IBM. He predicts a "huge shakeup in price and value for money."

Second, buyers can turn to new Web-based entrants such as InsWeb or Quicken InsureMarket, and compare quotes from hundreds of companies on one site.

InsWeb takes fees for passing on leads, while Quicken InsureMarket acts more as an agent. With its customer base of about 10 million users, Quicken represents a potential competitor to insurance companies as well as a channel of distribution.

In Sweden, the Internet is being used to sell relatively complex pension plans to a young, computer-literate market. LIVIA is a low-cost insurance and pension company; it wanted to be able to explain to potential customers the future value of their investments.

## ASSESSING THE RISKS OF THE INTERNET

Thanks to the Internet, a new insurance business is being built. The role of insurance companies is to reduce risk, both for individuals and for businesses and organizations. Insurable safety standards level the commercial playing field, creating a stable and secure marketplace. Today's Internet environment is still so new that it is seen as risky by some businesses.

An insurance underpinning would help alleviate that concern.

"We are creating an insurance industry that didn't exist before," says Steve Adler, eRisk solutions manager, IBM global insurance industry.

He points out that insurable risk is based on a properly built system. A company's Web site, intranet and extranets should be well designed, well monitored and properly enforced. "We believe that the Internet is inherently safer than the real world to do business, if it is done right," he says.

Internet risks include damage or theft of valuable information on company databases. Web site managers or Internet Service providers may be liable for financial loss due to inaccurate information offered on a

site or due to a site not working properly. Most content on the Web today has the same kind of legal liability as advertising (unless it is clearly designated as editorial, as in a newspaper). If Web site information is viewed as false, defamatory, libelous or unauthorized, a lawsuit may result.

To develop policies that will cover Internet risk and exposure, insurers need to understand the technological characteristics of the Internet, how they reflect and deviate from more familiar liabilities. A methodology developed by IBM, eRisk, takes insurers through an easy-to-follow question-and-answer process to determine the scope of coverage and the desired definition of terms and exclusions.

This year, U.S.-based Reliance National and Codan of Denmark, among others, will be releasing eRisk insurance products on an international basis. By assessing commercial risk on the Internet, insurance companies "can establish Internet security construction codes and transaction encryption standards, and let market forces—premiums and losses—dictate the winners and losers," summarizes Mr. Adler.

IBM helped them set up an easy-to-follow interactive calculation system over the Web. Prospects fill it out on-line, and a program calculates their pension and displays it graphically.

The third step is to sell directly on-line. As SET (Secure Electronic Transaction) protocols become more widely used, on-line insurance sales will become more commonplace.

At the IBM-designed Web site of International Health Insurance, a Danish company with clients in more than 150 countries, customers fill out a form with their personal and credit card details and send it on-line. The SET-protected information is processed, and the insurance

policy is sent back electronically. The process can save weeks compared to the fax-and-mail system.

New distribution channel To reinforce the Web's suitability as an insurance distribution channel, on-line electronic linkages are important. Mr. Rudman suggests linking real estate sites to home insurance or travel sites to travel insurance. Banks are already doing this by linking mortgage information to homeowner's insurance.

Two percent of all automobiles in the United States are sold through a Web site called Auto-by-Tel. Geico auto insurance has benefited from its low-cost, high exposure presence on the site.

## NETWORKS SQUEEZE COSTS

Eliminating paperwork saves money and increases efficiency.

Every business today is interested in reducing costs. The insurance industry—with paper and personnel costs among the most onerous in financial services—is especially motivated to do so.

As lower-cost-of-business models enter their market, existing insurance companies are being forced to rethink how they do business. "If they don't, the market will fragment around them while they worry about their broker network," says John Moon, marketing manager, customer relationships management solutions, IBM global insurance.

One way to reduce costs is to reduce paperwork. Today, says Graham Mansfield, insurance solutions manager for IBM, 90 million transactions take place per day for commercial insurance. Most of this flow among risk managers, brokers, underwriters and reinsurers is handled by hand or by fax, with just a little beginning to appear in e-mail.

IBM has just announced a strategic alliance with the London Insurance Market Network (LIMNET) to develop a common platform that will facilitate information flow among the various parties in commercial insurance.

Call centers, computer-assisted customer-service management and the Internet hold great promise for cost reductions and increased efficiency.

Some insurance companies have already realized that the Internet is not an "either-or" with their existing distribution networks of tied or independent agents. Quite the opposite: The Internet and its associated technologies can help companies work more closely with their agents and brokers, lowering costs, raising productivity and improving customer service.

For example, a Forrester Research study found that the underwriting process dropped from eight to two weeks using Net-based



technology for application data.

Agents with intranet (internal network) connections to an insurer spend less time on paperwork and administration and more time "doing what people do best, serving the customer," says Michael Gazala, a senior analyst at Forrester.

The reduction of sales and general administration costs is desirable in any business, points out Mr. Moon of IBM, because it reduces paper, processes and personnel. "And S&GA has not been heavily automated in insurance," he notes.

Intranet links through IBM's InsureIntra and InsureAgent solutions facilitate updates on new products and marketing strategies, make it possible for agents to take training courses right at their desks and simplify claims procedures. One application, InsureGlass, is being used by Guardian Insurance in Canada for auto glass claims.

"The benefits to our organization are numerous," says Gord Seaton, a claims manager at Guardian. He lists "an improved audit trail, standardized claims processing, reduced handling time that frees up valuable manpower and reduced potential for error."

"BUSINESS TO e-BUSINESS: INSURANCE" is the seventh page in a series that addresses the impact of electronic business on various industries. It is an IHT/IBM initiative sponsored by IBM and produced by the IHT Advertising/Supplements Department. Writers: Claudia Flisi, based in the South of France. Illustrations: Karen Sheckler-Wilson. Program Director: Bill Mahler.

**Herald Tribune** **IBM**



12 Month High Low Stock Div Yld PE <sup>52</sup>Wk High Low Last Chg

# Reversal of Fortune

Over time, corporate earnings and stock prices have grown at roughly the same pace. But according to a Federal Reserve study, these rates of growth rarely coincide. In the current bull market, stocks have outpaced earnings, a trend that suggests may end soon.

**S&P 500 annualized rate of return**

Category	Value
STOCKS	16.5%
EARNINGS	8.5%
10-yr	6.2%
5-yr	9.4%
1-yr	7.6%
3-yr	7.6%

SOURCE: FEDERAL RESERVE, NEW YORK

# 88 Results: Trap Ahead for Bulls?

By David Barboza  
New York Times Staff Writer

**NEW YORK** — They call it a seasonal season. "the period when the American begins to ward off the troubles that lie ahead," a time near the end of the year when companies begin to shed bad news, acknowledge sagging sales growth at home, drop dividend payouts, and so on. It is a time when earnings in many industries are in business.

At the end of the year, the S&P 500 Computer Corp. has the first-quarter forecasts, and other stock analysts to look for not just for these companies but for the market over all. These forecasts are the first Call Line, which are estimates, now expected to be the biggest gain in the market in 2 percent in the first quarter of the decade.

The season is beginning to set in of the year. Will the market be just a blip or a season?

Analysts, an optimistic view, continue to make robust gains for the second half of the year. Profits could show gains, up 17 percent in the year.

And their forecasts prove over-optimistic, as some vocal market investors may be in for a shock in the latter part of the year. "I think there's going to be a drop in profits this year," said Charles L. Latta, an economist at the Federal Reserve. "We're calling it a big drop in the year."

Over the years of mostly double-digit gains, the case for a longer last season is growing. Labor costs are rising, and companies are grappling with the 1980 computer software problem. The economic squeeze in Asia is beginning to take its toll on the economy. And after years of training and productivity improvements, companies appear to be running out of ideas.

And their profit margins are shrinking. The stock analysts' forecasts have conspired to keep early this year. First quarter earnings have been "falling like a stone" in recent weeks. IBES, the industry, another earnings estimate, found the biggest revision last month in the first quarter. Since Jan. 9, the first quarter earnings growth has slowed from 10 percent to 5 percent, the Standard & Poor's 500 index, the lowest since 1991.

"We haven't seen anything like this since the recession of 1990," said James J. O'Neil, a senior economist at Citicorp.

See PROFITS, Page 17

CURRE					
90 Rates	1	3	5	10	15
U.S.	7.00%	7.00%	7.00%	7.00%	7.00%
Japan	5.00%	5.00%	5.00%	5.00%	5.00%
Germany	6.00%	6.00%	6.00%	6.00%	6.00%
France	6.00%	6.00%	6.00%	6.00%	6.00%
Italy	10.00%	10.00%	10.00%	10.00%	10.00%
Spain	10.00%	10.00%	10.00%	10.00%	10.00%
UK	10.00%	10.00%	10.00%	10.00%	10.00%
Canada	7.00%	7.00%	7.00%	7.00%	7.00%
Australia	7.00%	7.00%	7.00%	7.00%	7.00%
South Africa	10.00%	10.00%	10.00%	10.00%	10.00%
India	10.00%	10.00%	10.00%	10.00%	10.00%
China	10.00%	10.00%	10.00%	10.00%	10.00%
South Korea	10.00%	10.00%	10.00%	10.00%	10.00%
Taiwan	10.00%	10.00%	10.00%	10.00%	10.00%
Hong Kong	10.00%	10.00%	10.00%	10.00%	10.00%
Singapore	10.00%	10.00%	10.00%	10.00%	10.00%
Malaysia	10.00%	10.00%	10.00%	10.00%	10.00%
Indonesia	10.00%	10.00%	10.00%	10.00%	10.00%
Philippines	10.00%	10.00%	10.00%	10.00%	10.00%
Thailand	10.00%	10.00%	10.00%	10.00%	10.00%
Vietnam	10.00%	10.00%	10.00%	10.00%	10.00%
Laos	10.00%	10.00%	10.00%	10.00%	10.00%
Cambodia	10.00%	10.00%	10.00%	10.00%	10.00%
Myanmar	10.00%	10.00%	10.00%	10.00%	10.00%
Burma	10.00%	10.00%	10.00%	10.00%	10.00%
Nepal	10.00%	10.00%	10.00%	10.00%	10.00%
Bhutan	10.00%	10.00%	10.00%	10.00%	10.00%
Maldives	10.00%	10.00%	10.00%	10.00%	10.00%
Sri Lanka	10.00%	10.00%	10.00%	10.00%	10.00%
Yemen	10.00%	10.00%	10.00%	10.00%	10.00%
Oman	10.00%	10.00%	10.00%	10.00%	10.00%
UAE	10.00%	10.00%	10.00%	10.00%	10.00%
Qatar	10.00%	10.00%	10.00%	10.00%	10.00%
Bahrain	10.00%	10.00%	10.00%	10.00%	10.00%
Kuwait	10.00%	10.00%	10.00%	10.00%	10.00%
Saudi Arabia	10.00%	10.00%	10.00%	10.00%	10.00%
Lebanon	10.00%	10.00%	10.00%	10.00%	10.00%
Syria	10.00%	10.00%	10.00%	10.00%	10.00%
Jordan	10.00%	10.00%	10.00%	10.00%	10.00%
Israel	10.00%	10.00%	10.00%	10.00%	10.00%
Palestine	10.00%	10.00%	10.00%	10.00%	10.00%
Yugoslavia	10.00%	10.00%	10.00%	10.00%	10.00%
Slovenia	10.00%	10.00%	10.00%	10.00%	10.00%
Croatia	10.00%	10.00%	10.00%	10.00%	10.00%
Serbia	10.00%	10.00%	10.00%	10.00%	10.00%
Bosnia	10.00%	10.00%	10.00%	10.00%	10.00%
Herzegovina	10.00%	10.00%	10.00%	10.00%	10.00%
Montenegro	10.00%	10.00%	10.00%	10.00%	10.00%
Albania	10.00%	10.00%	10.00%	10.00%	10.00%
Moldova	10.00%	10.00%	10.00%	10.00%	10.00%
Romania	10.00%	10.00%	10.00%	10.00%	10.00%
Bulgaria	10.00%	10.00%	10.00%	10.00%	10.00%
Greece	10.00%	10.00%	10.00%	10.00%	10.00%
Turkey	10.00%	10.00%	10.00%	10.00%	10.00%
Azerbaijan	10.00%	10.00%	10.00%	10.00%	10.00%
Georgia	10.00%	10.00%	10.00%	10.00%	10.00%
Armenia	10.00%	10.00%	10.00%	10.00%	10.00%
Uzbekistan	10.00%	10.00%	10.00%	10.00%	10.00%

Whar Values			
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U.S.	7.00%	7.00%	7.00%
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UK	10.00%	10.00%	10.00%
Canada	7.00%	7.00%	7.00%
Australia	7.00%	7.00%	7.00%
South Africa	10.00%	10.00%	10.00%
India	10.00%	10.00%	10.00%
China	10.00%	10.00%	10.00%
South Korea	10.00%	10.00%	10.00%
Taiwan	10.00%	10.00%	10.00%
Hong Kong	10.00%	10.00%	10.00%
Singapore	10.00%	10.00%	10.00%
Malaysia	10.00%	10.00%	10.00%
Indonesia	10.00%	10.00%	10.00%
Philippines	10.00%	10.00%	10.00%
Thailand	10.00%	10.00%	10.00%
Vietnam	10.00%	10.00%	10.00%
Laos	10.00%	10.00%	10.00%
Cambodia	10.00%	10.00%	10.00%
Myanmar	10.00%	10.00%	10.00%
Burma	10.00%	10.00%	10.00%
Nepal	10.00%	10.00%	10.00%
Bhutan	10.00%	10.00%	10.00%
Maldives	10.00%	10.00%	10.00%
Sri Lanka	10.00%	10.00%	10.00%
Yemen	10.00%	10.00%	10.00%
Oman	10.00%	10.00%	10.00%
UAE	10.00%	10.00%	10.00%
Qatar	10.00%	10.00%	10.00%
Bahrain	10.00%	10.00%	10.00%
Kuwait	10.00%	10.00%	10.00%
Saudi Arabia	10.00%	10.00%	10.00%
Lebanon	10.00%	10.00%	10.00%
Syria	10.00%	10.00%	10.00%
Jordan	10.00%	10.00%	10.00%
Israel	10.00%	10.00%	10.00%
Palestine	10.00%	10.00%	10.00%
Yugoslavia	10.00%	10.00%	10.00%
Slovenia	10.00%	10.00%	10.00%
Croatia	10.00%	10.00%	10.00%
Serbia	10.00%	10.00%	10.00%
Bosnia	10.00%	10.00%	10.00%
Herzegovina	10.00%	10.00%	10.00%
Montenegro	10.00%	10.00%	10.00%
Albania	10.00%	10.00%	10.00%
Moldova	10.00%	10.00%	10.00%
Romania	10.00%	10.00%	10.00%
Bulgaria	10.00%	10.00%	10.00%
Greece	10.00%	10.00%	10.00%
Turkey	10.00%	10.00%	10.00%
Azerbaijan	10.00%	10.00%	10.00%
Georgia	10.00%	10.00%	10.00%
Armenia	10.00%	10.00%	10.00%
Uzbekistan	10.00%	10.00%	10.00%

1.4107	1.6541	1.4597
1.8125	1.4098	1.4098





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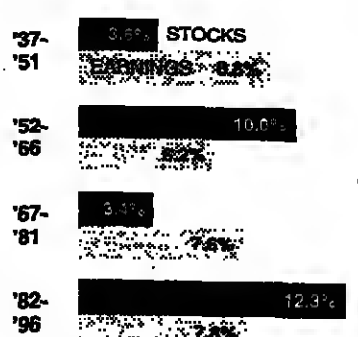
WEDNESDAY, MARCH 18, 1998

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## Reversal of Fortune

Over time, corporate earnings and stock prices have grown at roughly the same pace, 8 percent. But according to a Federal Reserve study, these rates of growth rarely coincide. In the current bull market, stocks have outpaced earnings, a trend history suggests may end soon.

## S &amp; P 500 annualized rate of return



Source: Kansas City Federal Reserve

## '98 Results: Trap Ahead For Bulls?

By David Barboza

New York Times Service

NEW YORK — They call it the "confessional season," the period when corporate America begins to warn Wall Street of the troubles that lie ahead.

It is a time near the end of each quarter when companies begin to leak out their bad news, acknowledging slowing sales growth at home, declining sales abroad, backlogs in inventory and cyclical downturns in business.

Walt Disney Co., Nike Inc., Intel Corp. and Compaq Computer Corp. have all made first-quarter forecasts, causing Wall Street stock analysts to lower their estimates not just for these companies but for the market over all. These analysts, according to First Call Inc., which tracks earnings estimates, now expect profits at the nation's biggest companies to grow less than 2 percent in the first quarter, the slowest pace of the decade.

But attention is beginning to shift to the end of the year. Will the coming slowdown be just a blip or something more sustained?

Stock analysts, an optimistic group by nature, continue to make robust predictions for the second half of the year. By their count, profits could show tremendous gains, up 17 percent in the fourth quarter.

But if their forecasts prove overly optimistic, as some vocal market strategists suggest, investors may be in for a sharp sell-off in the latter part of the year.

"We think there's going to be a big squeeze on profits this year," said Cynthia Latta, an economist at DRI/McGraw-Hill. "We're calling it a big turning-point year."

After six years of mostly double-digit profit gains, the case for a longer lasting slowdown is growing. Labor costs are rising, companies are grappling with the year 2000 computer software problem, and the economic squeeze in Asia is only beginning to take its toll on American business. And after years of restructuring and productivity improvements, companies appear to be running out of ways to expand their profit margins.

Even the rosy stock analysts accept that these factors have conspired against companies early this year. First Call said estimates have been "falling like a stone" in recent weeks. IBES International Inc., another earnings watcher, said that estimates suffered the largest downward revision last month in more than five years. Since Jan. 9, estimates of first-quarter earnings growth have plummeted from 10 percent for the stocks in the Standard & Poor's 500 to 2 percent, the lowest since 1991.

"We haven't seen anything like this since the recession of 1990," said James Glassman, a senior economist at Chase

See PROFITS, Page 17

## INTERNATIONAL MANAGER

## Prince Walid Takes a 'Calculated Risk'

Saudi Billionaire Defends His Trail-Blazing Investments in South Korea

Prince Walid bin Talal, the Saudi billionaire who has made hundreds of millions of dollars of high-profile investments in companies around the world—from Apple Computer Inc. to EuroDisney and Citicorp—met with President Kim Dae Jung on Tuesday in Seoul after agreeing to invest \$150 million in Daewoo Corp. and Hyundai Motor Co. He discussed his impressions of South Korea's business conditions with Don Kirk of the International Herald Tribune.

Q. You've talked in top executives from all the major conglomerates, or chaebol, here. How serious are they about restructuring in a manner that satisfies the government and the IMF?

A. I don't think they can do it right away. It has to be gradual. The government has no choice but to work with the chaebol. The chaebol have an immense role to play in the government.

Q. Any chance that your investments will turn sour if the Korean economy fails to recover as hoped?

A. My investments are in convertible bonds, and they are dollar-denominated. So if the won goes up and down, I'll still get my money back unless the company goes under. I have three years with Hyundai and five years with Daewoo. If I don't convert at that time, I say, thank you, give me my money and my interest.

Q. You've shown your confidence by investing here. Will others follow quickly in your wake?

A. It's not going to be very quick. There are those investors, the Soros types, who have come here. They are not going to dump money. They have to see stability here. You have a new president. It's a new era.

Q. So why are you the first to take your chances?

A. It's a calculated risk. Look how Korea was 30 years ago. There was nothing here. It's not going to be easy. There is corruption, but the work ethics are incredible.

Q. What else got you interested in this new frontier of investment?

A. I am heavily invested in America. I am very much invested in Europe. Now we are talking about Africa. I see opportunities in the Far East. Sure, there was corruption. Sure, there was leniency in lending, but these Korean companies are to be reckoned with.

Q. How did you form this impression of Korean companies?

A. I have interacted with Korean companies for many years in Saudi Arabia. My company, Kingdom Holding, had joint ventures with Hyundai, Hana, Dong-A, Kailon, Kukdong in the Middle East. I have been dealing with more than 15 Korean companies as contractors.

Q. Now that you've got a foothold in Asia, what else are you doing in the region?

A. We are looking at the Mori Group in Japan to develop a mixed-use [real estate] proposal.

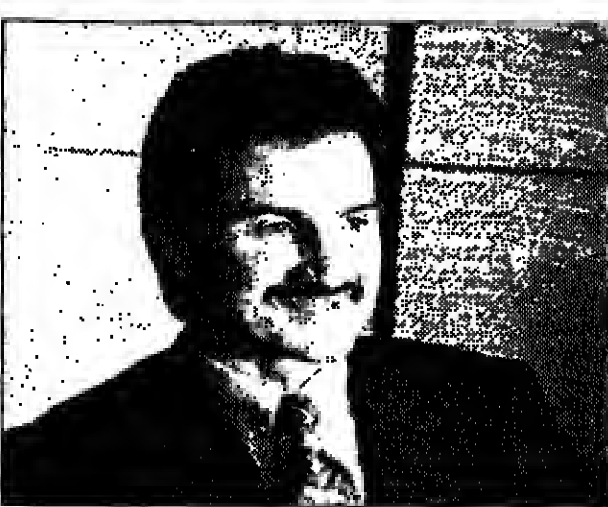
Q. You have praised the IMF for the rescue plan it has required here, but the IMF does have its critics. Would you offer any criticism or advice?

A. I heard the IMF comes and has a certain recipe and applies it in Mexico and Africa and here. Maybe they should more take the local flavor of that country and adapt it.

Q. The IMF believes strongly that Korea should keep interest rates high to avoid easy credit, a devaluation of the won and worsening economic problems in general. The Koreans want to lower interest rates so business can get the money it needs to manufacture more products for export. Who's right?

A. There's no choice but to keep interest rates up. If they bring them down too low, the won may be affected. It's a game. I saw they have no choice. They cannot have it comparable to the dollar right now. They have to keep it high, even though high is damaging in other ways.

Q. What other steps should the coun-



Prince Walid bin Talal in a 1996 photograph.

try take to improve the economy?

A. They have to have this confidence-building. They have to open up the country more. They have already taken steps. When I first wanted to invest in one of the chaebol, the limit was 6 percent. Now it's around 40 percent.

Q. Should they act fast to open up still

more to foreign investment?

A. It's going to take time. It's not going to finish quickly. I would like them to maximize the opening to foreign investment. If you're going to have a free market, you have to have a free market all the way. Some banks would like to come here and open completely.

Q. Are you afraid of a reaction against excessive foreign investment here?

A. If a foreign company comes to buy a company and keeps the employees there, this is a form of nationalism. If the government handles the matter in a gentle way and tells the people we're having this company and tells the employees we're safeguarding their deposits, why would there be a reaction against it?

Q. How about Kingdom Holding Co. What else do you have in mind?

A. We're interested in hotels. We are talking about this hotel, too [the Shilla, owned by Samsung Group, where the prince spent three nights]. We are talking to many different people.

## Brisk Business for Computer Security Companies

By Rajiv Chandrasekaran

Washington Post Service

WASHINGTON — Locked in a small room on the fourth floor of a Washington-area office building, Denis Hein starts his invasion.

Computer printouts stacked around his chair, he begins tapping away on two gray Toshiba Tecra laptops. The messages that say "Log-in incorrect" do not faze him. He stretches his neck and tries a new set of commands, this time coming up with slightly more encouraging results. Fifteen minutes later, he smirks at a colleague. He's in.

But Mr. Hein is not your ordinary hacker. An employee of Trusted Information Systems Inc., a computer-security company in Glenwood, Maryland, Mr. Hein was trying to find the weak links in a client's data network, the way a security guard jiggles doors and windows to make sure they are locked. More often than not, the 27-year-old self-described professional hacker finds a way in. Sometimes he can pry open almost every entrance.

In this case, Mr. Hein and a co-worker had been given the task of determining how vulnerable an engineering company's 24 "servers" were. Those servers are home to sensitive files and schematic drawings that unscrupulous competitors would love to see.

The engineering company had installed Mr. Hein and his colleague in an office with a phone jack that connected into its data network, the same sort of access a janitor could have at night. With nothing fancier than his two laptops, Mr. Hein fired up a variety of programs that are commonly used by hackers. The programs generated reams of numerical data indicating which "ports," or windows, on a server appeared ajar.

Once Mr. Hein was inside the server, he was able to find the system administrator's password file, but the data were scrambled. No matter. Another file he found indicated what type of data-scrambling system the server used. He then got his computer to search for the password by scrambling every word from Webster's dictionary, the dialogue of all three "Star Wars" movies, each "Star Trek" episode and every J.R.R. Tolkien novel — all favorites of the techie class.

A little more than two hours later, Mr. Hein became "root" on the server, allowing him access to every file on the machine. As he says, "On that server, I was God."

Trusted Information was hired by a manager at the engineering firm who wanted to show his superiors that despite a raft of basic protections, the company's network was far from secure. Mr. Hein expects the company to spend "several million dollars" upgrading its systems after it receives a detailed accounting of his exploits.

That's where companies like Trusted come into the picture. Among other products, Trusted makes "fire walls," which act like doors to parts of a network, admitting only authorized users. Fire walls are commonly used to prevent visitors to a company's World Wide Web site from gaining access to the organization's internal network.

Companies like Trusted have seen

demand for their products surge over the last two years, as corporations have decided to connect more of their computers to local area networks and the Internet.

Over the past year, for example, Axent Technologies Inc. of Rockville, Maryland, which also helps system administrators manage security, saw its revenue jump 89 percent, while Trusted's rose 54 percent. That success has spurred major business deals recently for both companies.

In early February, Axent acquired Raptor Systems Inc., a maker of fire walls in Waltham, Massachusetts, for about \$245 million in stock. The purchase makes the company the nation's third-largest computer-security firm,

## JAL's Top 2 to Resign As Big Losses Loom

Forecasts Force 150 Billion Yen Write-Off

Compiled by Our Staff From Dispatches

TOKYO — The president of Japan Airlines Co., Akira Kondo, announced Tuesday that he and the chairman of the company would resign over losses stemming from increased competition and failed resort developments.

The largest Japanese airline forecast a group net loss of 70 billion yen (\$502 million) for the year, 65 billion yen more than its earlier estimate, and a parent company net loss of 97 billion yen, compared with its earlier forecast of zero profit.

"I'm really sorry about what has happened and so I've decided to step down," Mr. Kondo said. He and Chairman Susumu Yamaji will step down at the airline's annual shareholders meeting in June, he said.

Isoo Kaneko, senior managing director, will become president. Mr. Kondo said. He did not say when the new chairman would be.

The two executives are resigning to take responsibility for a 150 billion yen write-off that airline officials announced as they provided the new earnings estimates.

A senior vice president, Tatsuru

Fukaya, said that more than half of the losses were caused by hotels in the United States and resorts in Southeast Asia that the airline built or bought during an ambitious expansion in the 1980s.

Several of these properties could be sold, he said, and the company will now "concentrate" on its main business: commercial air service. Other cost-cutting measures include trimming 1,500 ground crew jobs.

The airline has seen profit margins evaporate as it cuts prices to compete with U.S. and other international airlines following a pact between Washington and Tokyo. Japanese individuals and companies also are slashing travel spending because of a weak economy.

JAL plans to use 14.5 billion yen of its voluntary reserves, 7.3 billion yen of its capital reserves to erase its losses, the company said.

Current, or pretax, profit is seen falling 72.2 percent to 5 billion yen from its previous forecast of 18 billion yen, he said.

JAL shares finished 9 yen higher at 513 yen. (AP, Bloomberg, Reuters)

## Global Private Banking

## WEALTH THAT TOOK A LIFETIME TO BUILD SHOULD BE TREATED WITH THE PROPER RESPECT.



Headquarters of Republic National Bank of New York (Sales) S.A. in Geneva.

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It is a simple principle upon which we base our brand of financial conservatism: private banking built upon rigor, discipline and prudence.

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## EUROPE

## BASF and Bayer Post Record Profits for '97

Compiled by Our Staff From Dispatches

BASF AG and Bayer AG posted record profits Tuesday for 1997, as both companies overtook the previous leader in the German chemicals industry, Hoechst AG.

BASF's pretax profit rose 21 percent last year, to 5.33 billion Deutsche marks (\$2.93 billion), as sales rose 14 percent, to 55.78 billion DM. BASF's sales placed it first among Germany's "big three" chemicals makers.

Bayer moved to second in the sector on 1997 sales of 55 billion DM, a 13 percent increase. Hoechst earlier reported that it had 52.1 billion DM in sales last year.

Bayer's pretax profit rose 14 percent, to 5.11 billion DM, and it said earnings and sales would grow 4 percent in 1998, which would make for another record earnings report.

Growth at both Bayer and BASF was fueled by strong foreign demand, as well as favorable exchange rate factors.

Bayer shares finished 10 pfennig higher at 79.55 DM. The company had released preliminary results last week. BASF shares rose 1.15 DM to 73.80 DM.

"The BASF numbers were very, very good," said Christiane Dierhart, analyst at Bayerische Vereinsbank in Munich. "Better than our expectations. It's a strange situation because everyone was expecting a positive surprise. But this is a very positive surprise."

Hoechst is going through a restructuring to transform itself into a pure life-sciences company by 2000, and its sales have been hit by the disposal of noncore chemicals subsidiaries.

The Swiss pharmaceuticals company Novartis reported a net profit of 5.21 billion Swiss francs (\$3.53 billion) for the first full year since it was created by the merger of Ciba-Geigy AG and Sandoz AG.

The 1997 profit was 43 percent higher than what the companies earned the previous year, while sales rose 19 percent, to 31.18 billion francs. The company eliminated 9,100 jobs last year but added 2,400 employees, half of them outside of Switzerland.

Other major European companies that also reported results included: •Diageo PLC's pretax profit was £1.95 billion (\$3.26 billion) in 1997 before exceptional items, a 2 percent

increase over the 1996 results for the units making up the 1997 result. Sales were £12.39 billion, down from the £13.44 billion generated in 1996 by the beverage operations of Grand Metropolitan PLC and Guinness PLC.

•Credit Suisse Group, the parent of the investment bank Credit Suisse First Boston Inc., posted 1997 net profit of 397 million Swiss francs on strong growth in income, especially from its bond unit.

The banking giant had reported a loss of 2.1 billion francs in 1996, due to huge restructuring costs related to its acquisition of Winterthur Insurance Group.

•Lloyd's reported 1995 pretax profit of £1,007 billion, against £1,013 billion in 1994, and predicted difficult years to follow.

The insurer, which gives its re-



Manfred Schneider, the chairman of the board of Bayer AG, announcing record earnings Tuesday at a press conference.

sults with a three-year delay, said that final figures, as well as projected 1996 and 1997 results, would be published in May.

•Continental AG said pretax

profit rose 26 percent, to 155 million DM, for the fourth quarter, amid cost-cutting. Net profit for the year rose 67 percent, to 322 million DM. (Reuters, AP, AFP, Bloomberg)

## Paris Gets Windfall From Its Stock Portfolio

Bloomberg News

PARIS — The rising profits and higher dividends this year of French companies will benefit a major shareholder in need of money: the government.

Dividends from just three state-controlled companies — France Telecom SA, Thomson-CSF and Renault SA — should reach at least 5.1 billion francs (\$835.1 million) this year.

Including the withholding tax the government also collects on dividends, the three companies will pay the state the equivalent of 0.1 percent of gross domestic product. That amount can be crucial as the government struggles to keep its deficit at or below 3 percent of GDP to qualify for Europe's planned Economic and Monetary Union.

"Whether it's turnaround efforts at the companies themselves, or just the economic turnaround, there's no question that they are going to be a major help to the state accounts this year," said Hugues de Montvalon, economist at Oddo & Cie.

France Telecom, the former telephone monopoly in which the government sold a 25 percent stake in October, is expected to announce Wednesday that it posted a profit of 15 billion francs for 1997.

It has said it will pay 40 percent to 50 percent of its earnings in dividends this year, its first as a listed company. With the government still holding 75 percent, that would mean at least 4.5 billion francs for the state.

France will also receive 386 million francs in dividends from its 48 percent stake in Renault SA. The carmaker said last week it would pay a dividend of 3.5 francs a share, its first since 1996, as it rebounded to a 5.43 billion franc profit from a loss of 5.25 billion the year before.

And Thomson-CSF, a maker of electronic systems, said last week it would raise its dividend 29 percent, to 3.6 francs a share, providing 249 million francs for the government, which has a 58 percent stake in the company.

## GEC Might Bid for Lockheed and Northrop Defense Units

Bloomberg News

LONDON — General Electric Co. of Britain said Tuesday it might bid for some of the business of Lockheed Martin Corp. and Northrop Grumman Corp. if the companies put them up for sale.

Lockheed Martin is weighing disposals to meet the U.S. Justice Department's concerns that its \$12 billion purchase of Northrop Grumman will limit competition in procurement of military matériel.

The Washington Post reported that the Justice Department was pressing both companies to come up with a plan by Wednesday to overcome antitrust objections.

"We've said we'd be interested in increasing our base in U.S. defense electronics," a GEC spokesman said. "It's possible some opportunities may arise." GEC set up a 6 billion European currency unit (\$6.52 billion) credit facility last month, adding to a cash pile that stood at £1.2 billion (\$2 billion) last September.

"I don't think there's much doubt they have the firepower to do some major deals," said Michael Bieg, an analyst at Charterhouse Tilney Securities. He has a "buy" rating on GEC's shares. They rose 15 pence Tuesday in London, to close at 442 pence.

## Asia Turmoil Hits Michelin And LVMH

Compiled by Our Staff From Dispatches

PARIS — Michelin SA and LVMH Moët Hennessy Louis Vuitton SA are suffering heavily from the Asian crisis, both companies reported Tuesday.

LVMH, the world's largest seller of luxury goods, said sales at its DFS Group duty-free chain, whose shops are mostly in Asia, fell 16 percent in dollar terms last year and 20 percent in the first two months of 1998, as the number of tourists in the region fell.

Michelin, the world's largest tire-maker, said that Asian sales excluding Japan fell 9 percent in 1997 and that 1998 would be another year of "recession" in the region.

LVMH, whose products include Hennessy cognac and Moët champagne as well as cosmetics and luggage, said profit rose 23 percent in 1997, to 4.52 billion francs (\$700 million). But it warned that it was cautious about 1998.

Sales soared 54 percent in 1997 to 48.03 billion francs, while operating profit rose 19 percent to 8.3 billion francs.

Operating profit on champagne and wine rose particularly sharply, climbing 32 percent, but profit on cognac and spirits fell 13 percent to 1.56 billion francs.

Nonetheless, Hennessy cognac improved its world market share to 33 percent, with a 17 percent increase in North American sales compensating for the weakness of the Japanese market, the company said.

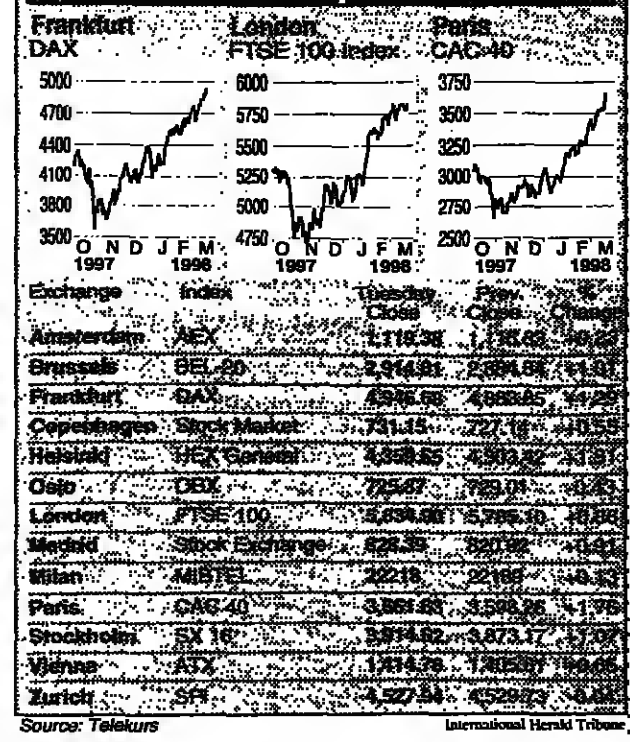
Michelin's 1997 profit rose 34 percent to 3.88 billion francs, or 28.5 francs per share. Analysts had expected 1997 earnings per share of 29.50 francs.

Michelin's profit rose 34 percent in 1997, to 3.88 billion francs, because of higher North American and European sales and cost-cutting efforts. But the company also took an exceptional charge of 153 million francs to cover the sharp declines in several Asian currencies.

"While sales grew strongly in South America and Japan, they fell markedly in Southeast Asia and South Korea because of the worsening situation" in the second half, the company said.

LVMH shares fell 29 francs to 1,244 francs, while Michelin stock fell 39.6 francs to 369.3 francs. (Bloomberg, AFP)

## Investor's Europe



## Very briefly:

- Ispat International NV agreed to buy Inland Steel Co. of Chicago for \$1.43 billion in cash and assumed debt. Ispat would become the world's eighth-largest steel company and expand its operations into the United States.
- The BBC is set to take control of the company that markets two BBC television channels in Europe by buying out stakes held by Pearson PLC and Cox Communications Inc., an industry source said. BBC Worldwide was set to buy the remaining 55 percent stake in European Channel Management, which markets and distributes commercial channels BBC World and BBC Prime in Europe.
- Deutsche Telekom AG said it would lower the fee for its T-Online Internet access service by 37.5 percent, to 3 Deutsche marks (\$1.61) an hour, effective April 1, and said it also expected to cut its telephone rates again as it deals with new competition.
- Mobil Corp. and Hoechst AG said they agreed to form a joint venture for plastic films that is expected to have \$1 billion in annual sales.
- Tulip NV, a Dutch computer maker, said its net losses nearly tripled in 1997, to 27.5 million guilders (\$13.4 million). Sales fell 13 percent to 461 million guilders.
- Bulgarian officials said they would try to collect an estimated \$2 billion from 30 Asian, African and Latin American countries that borrowed the money from Sofia under its previous Communist government. A Finance Ministry panel will begin talks with the debtor countries, including Iraq, which owes about \$1.6 billion.
- Norway will not necessarily have to tighten its budget simply because oil prices have fallen to a nine-year low, Finance Minister Gudmund Restad said. But he said he would adjust downward the government's forecast for oil prices in the revised budget in May. Prices are currently 26 percent below the forecast.

## WORLD STOCK MARKETS

Tuesday, March 17

Prices in local currencies.

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ASIA/PACIFIC

# The Comedown of a Tokyo Titan

## Public Sours on Finance Ministry as Scandals Abound

By Sheryl WuDunn  
New York Times Service

TOKYO — Yoichi Otsuki seemed to be enjoying a life of power and prestige, until he fastened a noose to a curtain rod in his apartment and hanged himself.

A longtime official at the Finance Ministry, Mr. Otsuki, 54, was enmeshed in an influential job in the ministry's castle-like bastion near the Imperial Palace. Behind these walls, in the "House of the Great Officers," as it is known in Japanese, Mr. Otsuki worked in the nation's nerve center, the most powerful organization in Japan.

The ministry's tentacles touch so many facets of political and economic life that its officials wield power without parallel in the West. It has traditionally been more influential than the prime minister or any political party, and because it steers the world's second-biggest economy, the Finance Ministry's smallest maneuvers can move financial markets around the globe.

So it has been an extraordinary comedown since late January, when prosecutors first breached the Finance Ministry's seemingly impenetrable walls. They have arrested four ministry officials, including two of Mr. Otsuki's subordinates, for accepting bribes from the financial institutions they oversee.

The scandal in which he became enmeshed is still unfolding. On March 11, prosecutors entered the central bank, the Bank of Japan, traditionally a domain of the ministry, to seize a high-level official. Private bankers have been detained,

top executives have resigned at major financial institutions, and one Parliament member, another Finance Ministry official and numerous businessmen have committed suicide to escape disgrace.

The scandal is shattering Japan's old faith in public servants and suggesting to a growing number of Japanese cynics that their bureaucracy may be rotten to the core. With economic troubles dogging all of Asia, the Finance Ministry is the single institution most able to orchestrate a revival of the region, but it increasingly resembles a fortress under siege, attacked both at home and abroad for errant behavior and policy mismanagement.

Critics worry that the ministry may have lost its way at a moment when leaders in the United States and other industrial nations are demanding that it take more steps to help prevent an Asian tailspin.

Economists say that by trying to tighten the country's belt even during hard times, the ministry risks throwing Japan into recession.

Japan's politicians, accustomed to staying on the sidelines in formulation of economic policy, are stepping in to take the lead, further threatening the ministry and preventing its experts from fully concentrating on the task of nursing the sick economy. Particularly on the eve of a broad restructuring of the financial industry, the ministry appears distracted by its scandals and by turf battles with politicians — battles that it may be beginning to lose.

"There will be a very drastic shift of power from the bureaucrats to the politicians," said Koichi Kato, sec-

retary general of the governing Liberal Democratic Party. "In the past year, the bureaucrats who were thought to be the best and the brightest in this society, handling all policies, were proved to be not as effective and competent as we had thought. Now it is time for us politicians to make our own policy."

For now, the Finance Ministry has fended off a formal attempt by Sakigake, a small party in the governing coalition, to break it up into a handful of agencies. Until recently, the ministry was seen as the bedrock of Japanese prosperity, so few balked at the extent of its power.

Roughly equivalent to a combination of the U.S. Treasury, Internal Revenue Service, Office of Management and Budget, Securities and Exchange Commission and parts of the Federal Reserve Board.

Amid recent calls by politicians to curb its powers, the ministry has agreed to spin off a financial surveillance agency in June. Both the finance minister and the deputy finance minister were forced out of their positions this year as casualties of the widening assault on the ministry.

But while the ministry's power appears on the wane for now, its strength and expertise, which make it arguably the most important repository of power outside of Washington, continue to dwarf those of Japan's elected officials. Politicians have called for more spending, but attempts to alter the ministry's steadfast policy of fiscal austerity have bounced off the ministry's stone walls.

Still, the attack on the ministry



Sakuya Fujiwara, a candidate for a deputy governorship of the Bank of Japan. The bank's governor said Tuesday no further resignations were to be expected.

# IMF Holds Aid As Indonesia Stalls Reforms

JAKARTA — A senior International Monetary Fund official indicated Tuesday that Indonesia was unlikely to receive a delayed \$3 billion loan, part of the agency's bailout, this month because of IMF concerns about Indonesia's progress in reforming its economy.

Hubert Neiss, director of the Fund's Asia-Pacific department, said the second payment would not be made before April, after the IMF's executive board had reviewed Indonesia's progress.

Mr. Neiss, who heads a senior IMF team, said he would start talks with Indonesian officials Wednesday to discuss the first quarterly review of an economic program to which Jakarta agreed in return for a bailout of more than \$40 billion.

The IMF package requires Indonesia to carry out austere measures, including eliminating price supports for fuel and basic food commodities and doing away with monopolistic practices.

The first \$3 billion tranche was disbursed in December, and the second was to have been handed over Sunday.

The IMF and Indonesia have been at loggerheads over the delay in disbursement of the second tranche amid questions about Indonesia's commitment to reforms.

Indonesia said it would try to end misunderstandings with the IMF on the pace of change but refused to abandon a plan for a currency board to stabilize the rupiah.

Jakarta is determined to reform the economy with or without the IMF, said Ganiar Kartasasmita, coordinating minister for the economy.

"President Suharto is looking for the best way to overcome the economic crisis," he said. "Suharto says we have not found the best solution to overcome the crisis."

Meanwhile, the IMF's managing director, Michel Camdessus, said Indonesia's economic woes should be attributed to the government's failure to implement reforms, not to deficiencies in the IMF's plan for the country. Mr. Camdessus said in an interview with Time magazine that the IMF plan had "not delivered all its potential because it has been either not implemented fully or was circumvented."

To renounce the IMF program, he said, "would be to renounce an undertaking seen by the entire world as the best course for the country."

(Reuters, Bloomberg)

Investor's Asia			
Hang Seng	Singapore Straits Times	Tokyo Nikkei 225	
15500	2000	18250	
14000	1800	17500	
12500	1600	16500	
11000	1400	15500	
9500	1200	14500	
8000	1000	13500	
1997	1997	1997	
Source: Reuters	Source: Reuters	Source: Reuters	

# Merrill to Press Case in Singapore

Agence France-Presse  
HONG KONG — Merrill Lynch & Co. said Tuesday that it would push for criminal charges to be filed in Singapore against a former employee after Hong Kong prosecutors dropped money-laundering charges against him.

Hong Kong prosecutors withdrew the charges against Kevin James Wallace "due to unforeseen difficulties." The banker, who had worked at Merrill Lynch International Bank Ltd. in Singapore, was at the center of an investigation of an alleged \$30 million fraud case.

# Samsung Electronics Profit Falls 25%

Bloomberg News  
SEOUL — Samsung Electronics Co., the world's largest memory-chip maker, said Tuesday that its net profit dropped 25 percent last year as global chip prices plunged.

The company earned 123 billion won (\$84.2 million), down from 164 billion won in 1996, a Samsung executive said. The result was in line with analysts' expectations.

Rising interest expenses also curbed profit as a weakening currency made it more expensive to repay foreign currency debt. Analysts say the company could easily have lost money, like its rival LG Semicon Co., if the government had not changed accounting rules in December to cushion the impact of foreign-exchange losses on the bottom line.

Sales in 1997 rose 17 percent from a year earlier to 18.5 trillion won thanks to a bumper year for the company's telecommunications equipment business, which accounted for a quarter of all sales.

Semiconductor sales were flat even as the company shipped more chips. Increased exports were offset by a slide in prices of its mainstay 16-megabit dynamic random-access memory chip, which provides the memory function for personal computers, calculators and other electronics products.

The average price of 16-megabit DRAMs dropped below \$3 from about \$8 in 1996, wiping out profit margins.

Samsung stock fell 3.8 percent to close at 81,800 won.

# PROFITS: Will Full-Year Results of American Companies Spring Trap on the Stock Market Bulls?

Continued from Page 13  
Securities. "Throughout the '90s, we've been spoiled; we've only seen double-digit growth. So this year could be sobering."

Undaunted, Wall Street analysts are forecasting a pickup in growth in the second half that will lead to, on average, a 10 percent profit gain for the entire year. But many economists and market strategists, who look at the big economic forces instead of the prospects for individual companies, are forecasting a more sizable slowdown, well below the 11 percent growth rate last year.

The most optimistic among this group forecast 8 percent gains in

corporate profits; the less optimistic see gains of under 5 percent.

Corporate outlooks start with the economy, which grew at a 3.8 percent clip last year — the fastest pace in a decade. Blue-chip profits jumped nearly three times as much.

So the question is: Can blue-chip companies produce solid gains in the eighth year of an economic cycle, and extend the longest continuous period of profit growth on record?

"I don't think so," Ms. Latta said.

Many strategists remain worried about the Asian turmoil, which was seen in October as the prime threat to the great bull market of the 1990s but has since been played down by many Wall Street analysts.

"Those who think this is a one-quarter phenomenon in Asia are just not in touch with reality," said Steven Leuthold of Leuthold Group in Minneapolis. "I've talked to a number of people in Asia and they say that in the U.S. we're just not cognizant of the devastation in Asia."

The financial crisis in Asia is a big factor, Ms. Latta said, but just one among many.

For instance, the unemployment rate in the United States is 4.6 percent, the lowest in 24 years, and as corporations struggle to find skilled workers and retain their best employees, pressure mounts for higher wages and more training programs. That means corporate costs could rise and cut into earnings growth.

"We've got rising labor costs, rising fringe-benefit costs and fierce competition, and so margins are getting squeezed," Ms. Latta said.

"We're probably not going to see as much of a productivity gain this year."

There are also currency problems emanating from a strong dollar and a widening trade deficit because of cheaper imports from Asia. Eastman Kodak Co., for example, said that profits declined by 38 percent in the fourth quarter, partly because of the strong dollar.

If the stock market's recent strength is any indication of investor sentiment, many are dismissing the earnings warnings. The Dow Jones industrial average — after a record

three consecutive years with gains of 20 percent or more — is up 10 percent this year. And the S&P 500, a broader gauge, is up 11 percent.

Such gains have pushed stock valuations into record territory. The price-to-earnings ratio on S&P 500 stocks has reached 26, meaning that investors are paying about \$26 for every \$1 earned by those companies in the last year. Share prices generally reflect earnings prospects instead of past gains. But even on that basis, stocks are trading at 20 times future earnings, at or near a historic high.

"The only way you can support these kinds of ratios is to see profit margins expand," Mr. Leuthold said. "And I don't think we're going to see that."

# HACKERS: Paid to Intrude

Continued from Page 13  
Volpe Brown Whelan & Co. Analysts expect about half the revenue in the market to come from two basic products: fire walls and anti-virus software.

Although computer viruses have been around for years, newer strains have become more pernicious, forcing computer users to update their scanning software regularly.

Likewise, analysts predict that the demand for fire walls will continue to increase as more businesses set up Web sites with different levels of access to employees, suppliers and customers.

But the big growth in the security market is expected to occur in two other areas:

The first is virtual private networks. Today, businesses that want to send sensitive information from one office to another typically shell out thousands of dollars a month to lease private lines from phone companies because they believe the Internet is not safe enough. Virtual private network technology, projected to grow into a \$4 billion business by 2000, scrambles data so it can be sent across the Internet without worry about snooping.

"It takes the fear out of putting your secrets on the Internet," said David Dawson, the chief executive of V-One Corp. of Germantown, Maryland, whose SmartGate technology is aimed at traveling workers who want to connect to office networks over the Internet instead of making a long-distance phone call.

The other set of growing

technologies involves foiling inside-the-building intruders. Security experts long have focused on erecting virtual fences, moats and minefields around their networks, but if somebody's on the inside, going from the file room to the president's office or the research division often is much easier. Now, firms such as Axiom and Trusted are pushing products that try to detect intruders and monitor activity inside the network.

"We're telling people it's not enough to put dead bolts on the door," said Stephen Walker, Trusted's chief executive. "You've got to install the motion detectors, too."

According to an informal survey of 520 security professionals conducted by the Computer Security Institute for the FBI's International Computer Crime Squad, 64 percent reported at least one unauthorized entry into their computer systems last year. Of those, 70 percent reported at least one network attack by their own employees.

Trusted and Axiom have developed "intrusion detection" software that sounds an alarm when people venture into unauthorized areas. It's a market that's still getting off the ground, but both firms contend the proliferation of insider attacks will generate a new wave of demand for their products.

"In the old mainframe days, all you had to do was lock up your computer in a room," said John Becker, Axiom's chief executive. "As you network machines, though, everyone has access to sensitive material — secretaries, janitors at night, people in the mailroom."

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## SPORTS

## 'Valpo' Fetes Its Hometown Heroes

Team's Upset Victories in NCAA Put Indiana Town on the Map

By Joe Drape  
New York Times Service

VALPARAISO, Indiana — For two hours Merel Nelson waited in the cold for the bus carrying the town's new heroes to roll down Union Street.

He was not alone. More than 2,000 people gathered here Monday to celebrate where they lived.

Shivering, Nelson clutched a cord and got ready to salute Valparaiso's basketball team with a cannon shot from Crusader II. Like the team it was meant to honor, Crusader II is deceptively small — about a foot long (30 centimeters) and six inches high.

But Nelson showed what happens when you underestimate the power of small things. The keeper of the cannon and the Valparaiso athletic department's equipment manager, he pulled a cord, and the cannon fired an ear-splitting shot, welcoming home the team that had upset Florida State, 83-77, in overtime Sunday to reach the final 16 of the NCAA tournament.

The crowd that filled Union Street swallowed the bus that was carrying the team as it idled behind a police escort. Cameras from the television networks followed them and the cheer of "Let's go, Valpo" drowned out the sound of shoes crunching in frozen snow.

For one wild afternoon, this town in northwest Indiana was getting national attention.

"No one will ever ask us again, 'What's Valpo?' Is it in Kentucky?" said Marissa Phosphair, a junior from Chicago, who, like all of the 3,500 students here, was happy about returning Monday from the university's spring break.

"It's about being known," she said. "It's about getting us on the map."

Even professors couldn't find fault

with an institution of higher learning coming to a halt because its basketball team had won two games in the National Collegiate Athletic Association tournament.

The university's president, Alan Harre, waited alongside the students as rock music blared in the background while the obligatory shirtless fraternity members, each with a gold letter painted on his chest in spell out V-A-L-P-O — raced up and down the street.

No, Mr. Harre said, classes were not officially canceled, but then he offered a sly smile and said, "Maybe there aren't a lot of classes scheduled at this time."

A professor of geography got closer to the truth. Standing in the middle of some colleagues, Paul Sandin said: "This is Indiana. Basketball is our life."

Two retirees, John Candon and Curt Westerhausen, thought enough of Valparaiso's players to witness the celebration. Neither are alumni or even avid basketball fans, but each said they were impressed with the team's upset victories over Mississippi and Florida State in Oklahoma City.

"Not bad for a bunch of small-town kids, huh?" asked Candon, 68. "Have you seen the movie 'Hoosiers'? This team has that kind of heart and character."

The comparison to the celluloid Indiana high school team has dominated headlines and broadcasts.

Even the Valparaiso coach, Homer Drew, has quoted from the movie to his team behind closed locker room doors, as well as in front of reporters.

The notion of a small school from the sticks beating a bigger, city slicker school is ingrained in Indiana basketball lore.

In 1954, tiny Milan High School, with about 100 students, beat the urban Muncie Central High for the state championship when Bobby Plump hit a shot

at the buzzer.

Those who know Plump, like the Indiana Pacers' assistant coach Dick Harter, swear that the insurance salesman still keeps copies of the newspaper memorializing that moment in the trunk of his car.

This must of a team already has teams of clips to someday show off to doubters.

Among its five seniors are a point guard, Jamie Sykes, who already is late reporting for spring training to the Arizona Diamondbacks; a set of identical twins, Bill and Ben Jenkins; a 7-foot (2.1-meter) Lithuanian center, Antanas Viliuskas, and the coach's son, Bryce Drew.

But for the students here, what makes their team's tournament run so special is that they know each and every one of the players they are cheering.

"The campus is so small that you see these guys everywhere," said Alida Past, a freshman from Lafayette, Indiana. "You talk to them at the student union. They're just people like us."

That sense of community was an display as the players made their way to an old gymnasium in the university's Athletic and Recreation Center.

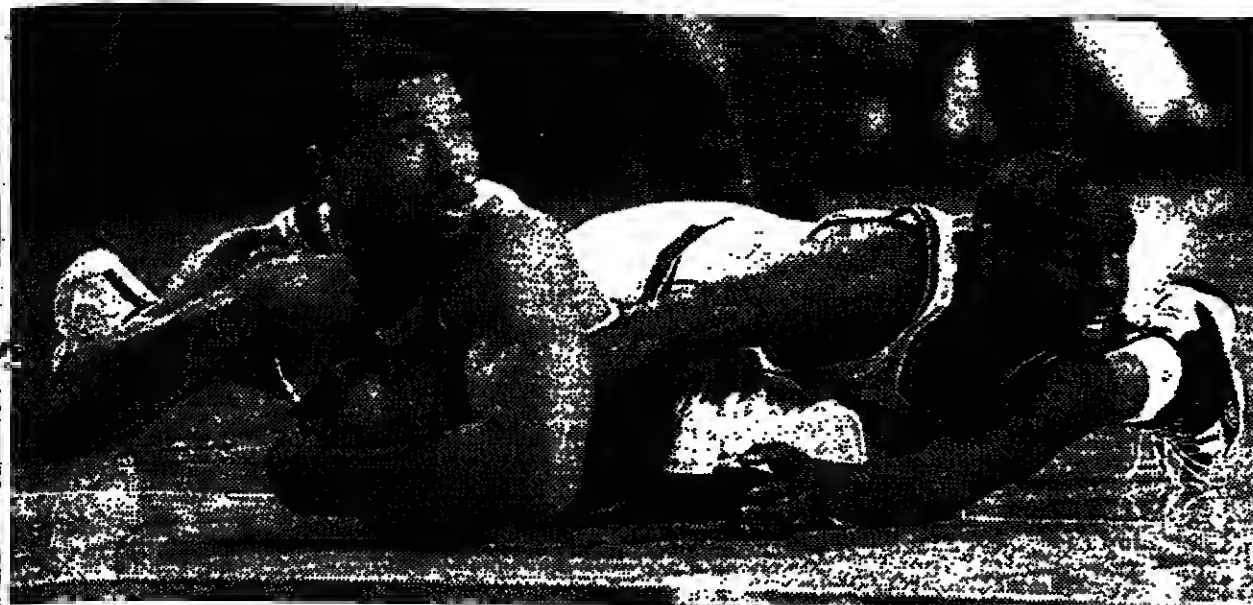
One after another, the players thanked the well-wishers and promised them that the clock had yet to strike midnight for this Cinderella team.

But Jim Harrick Jr., the assistant coach whose father is the head coach at Rhode Island, Valparaiso's opponent on Friday in St. Louis, ignited the loudest cheers.

"In 1995, after my father won the national championship with UCLA, I rode the bus back with the team to Pauley Pavilion," he said.

"No one was waiting there," Harrick told the crowd. "California doesn't have anything on the Midwest. No one does."

With the rhythmic chant of "Final Four, Final Four," those on hand told him he was right.



The Lakers' Derek Fisher, left, and the Sonics' Gary Payton awaiting the call after their midcourt scramble.

## Sonics Sink Lakers; Jazz Trap Wolves

The Associated Press

The youthful Los Angeles Lakers might be the future of the Western Conference. The present, however, belongs to a veteran team, the Seattle SuperSonics.

Gary Payton scored 12 of his 27 points in the final quarter as the Sonics beat the Lakers, 101-89, Monday night. Seattle is 3-0 against the Lakers this season.

"We've played three tough games," said Vin Baker, the Sonics forward. "But we're comfortable in close games because we think our veteran leadership will see us through."

Baker and Detlef Schrempf each scored 21 points for Seattle, which squandered a 21-point lead before pulling away in the final seven minutes.

Shaquille O'Neal scored 25 points for the Lakers. But All-Star Kobe Bryant, who entered the game with a 16-point average, was held scoreless and took only one shot in 13 minutes.

The Sonics improved their NBA-best

record to 49-15.

Jazz 102, Timberwolves 96 Visiting Utah won its 11th straight. Karl Malone scored 29 points for the Jazz, John

## NBA ROUNDUP

Stockton added 22, and they connected on a couple of crucial pick-and-roll plays in the closing minutes.

Pistons 103, Heat 90 Grant Hill scored 26 points as Detroit snapped an eight-game losing streak against Miami.

Brian Williams added 17 points for the Pistons, who won for only the third time in their last 14 road games.

Hornets 109, Nuggets 87 Matt Geiger had 18 points and 14 rebounds as Charlotte ended Denver's season-best, two-game winning streak.

Dell Curry added 18 points and Glen Rice had 17 as the Hornets won for the 11th time in 12 games and ended the Nuggets' bid for their first three-game

winning streak since December 1996.

Jahny Newman scored 17 points for the Nuggets (7-59), who fell to 1-32 on the road.

Spurs 96, Bucks 85 Tim Duncan had 25 points and 17 rebounds as San Antonio beat slumping Milwaukee. David Robinson added 21 points for the Spurs, while Vinny Del Negro had 15.

Rookie Jerald Haneycut scored a career-high 16 points for injury-plagued Milwaukee, which has lost six straight and nine of its last 10.

Bulls 88, Nets 72 In Chicago, Toni Kukoc scored 14 of his 21 points in the decisive third quarter, and the Bulls went on to win despite a poor performance by Michael Jordan, who scored 17 points, 11 fewer than his NBA-leading average.

He also missed an uncontested dunk, had another attempted dunk blocked by David Vaughn, committed four turnovers and was 6-for-15 from the field.

## SCOREBOARD

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## EXHIBITION BASEBALL

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## OBSERVER

## The Envelope Please

By Russell Baker

NEW YORK — I have just made the annual late-winter movie rounds. Here are my five nominations for Academy Awards for best moments in films seen during the tour:

1. People hating Jack Nicholson pushing a dog down the garbage-disposal chute of a New York apartment house in "As Good as It Gets." Later Nicholson turns out to be just another old sofie when it comes to dogs, but the satirical bite of his comment on New York as he sends the mutt down the chute is worth the price of the ticket. This is New York, he tells the dog before launching it toward the garbage. "If you can make it here, you can make it anywhere."

2. Preacher Robert Duvall laying a Bible down in front of a huge earth-moving machine and daring a surly, church-hating driver to run over it. The movie is "The Apostle." This scene pitting Bible vs. bulldozer is an absolute wow. So is the whole movie. Among movies on my tour, it was one of only two that seemed to be about real people in a real world.

3. The other was "The Full Monty." In that, you look forward to a final great scene when the plain, desperate, out-of-work guys do their strip-tease, but at the critical moment — thank God! — you see only the view from the rear. It is funny and sad at the same time, and you leave with a smile, not feeling cheap, as you feel reading the newspapers nowadays.

4. "Good Will Hunting" has as good a kissing scene as you're apt to see in a movie nowadays when the style calls for kisses to chew moistly on each other. What

is the point of all this juicy kissing anyhow?

This being the era of the messy movie kiss, "Good Will Hunting" has an absolute beauty involving two college-age people eating hamburgers. You wouldn't think that kissing a woman with a mouth full of hamburger would be the height of amatory fun, would you? When these kids do it you find yourself wondering why you never tried it when you were in college.

5. Yes, I saw "Titanic." It made me wonder why it, rather than the far superior "Air Force One," was the special-effects flick nominated for a best-picture Academy Award. It lacks a scene comparable to the splendid moment in "Air Force One" when President Harrison Ford shoves Mister Bad Guy out through the plane's back door and into empty space saying, "Get off my airplane."

I didn't expect "Titanic" to be another "Gunga Din." Still, I didn't expect a three-hour doze. It's a spectacle in search of a plot. It piles implausibility on absurdity so relentlessly that we despair of ever coming upon a great scene. Then, quite near the end, when we are ten or eleven hours into it, comes a moment when the hard-bitten treasure hunters on the salvage ship begin to weep.

They have been listening to an elderly female survivor tell them the story we have just seen. Tears begin to dampen their cynical cheeks. Though they have worked for years on the Titanic job, they have never realized until now how tragic, yet romantic, the sinking was, and they weep, those ponies. Yet it is a fine scene in its way. It means "Titanic" is almost over.

New York Times Service

## Farewell to Dr. Spock, the Parents' Pacifier

By Elizabeth Kastor  
Washington Post Service

WASHINGTON — She is not sure exactly why she decided to go into the closet. Somehow, in the cold dark of that winter night in 1960, it seemed like a good idea. Her husband was asleep. The apartment's living room felt immensely far away, the closet so close to the warm bed. At least there she could imagine she would soon be allowed to slide back between the sheets and into the bliss of sleep.

So she sat down in the closet, cradling her wailing first baby, and rifled furiously through "Dr. Spock's Baby and Child Care," seeking the miraculous piece of advice that would make a six-week-old baby stop crying.

How long I cried my mother no longer remembers, nor does she know what she did to get me to stop. But whether or not Dr. Spock was of any practical assistance, there he was in the middle of the night, keeping my mom company, assuring her in his soothing way that everything would be fine.

Benjamin Spock died on Sunday at age 94. His classic "Baby and Child Care" is now 51 years old; the seventh edition is due in May.

In addition to the nostalgia she feels for that long-ago apartment with its graciously large closet, my mother remembers Dr. Spock with a particularly personal affection, the sort of warmth one usually associates with a well-liked but not intimately known neighbor. And even though my shelf of child-rearing books is heavy with the popular titles of the '90s and rather light on Dr. Spock, I feel the same.

My generation, Spock babies all to one degree or another, may have named to T. Berry Brazelton or Penelope Leach. We know "What to Expect When We're Expecting" and "How to Talk So Your Kids Will Listen." Dr. Spock is no longer the one sacred text, and now sounds a little old-fashioned in spots. But he is still there in the middle of the night, describing the

"tiny, delicate blisters" of chickenpox, explaining the "meaning of thumb-sucking," reassuring us that we will not lobotomize our newborn by touching that eerily pulsating "soft spot" on the crown of the baby's head.

Pick up the book and it all rushes back. The confusion that comes with the first child. The terrified certainty that the 4-year-old's slight headache is really meningitis. The suspicion that the 6-year-old's bitter will inevitably progress to the 20-year-old serial killer. The desire to be given the one true answer, to be told the thing that will make us really, really good parents, or if not that, at least that will get the kids to stop whining.

From the beginning, when he opened his book with the words, "Trust yourself. You know more than you think you do," Dr. Spock said he wanted to teach parents that he did not have all the answers. But that, of course, is what we seek from him and other advice vendors. All the answers.

We pick up such books when we are at our most vulnerable, seeking companionship and information. The kid won't eat, or the kid eats too much. This one has a weird rash, that one seems determined to wear diapers until college. Or perhaps the problem is the adults — we don't know what to do about some crisis or other, we have stumbled, the improvisational dance of parenthood has gone suddenly clumsy.

"It's endemic in caring," Dr. Brazelton said. "Once you care a great deal, you want to do a perfect job, when there is no such thing."

Dr. Spock's tone of supportive warmth, his faith in the potential of the child and the wisdom of the parent, only fed into the conservative critique that he ruined a generation. He was the doctor who told moms to coddle their kids, to give them whatever they wanted! The



Dr. Spock visiting Karen Anderson and her quintuplets in 1974.

'60s were his fault. All those kids who were allowed to suck their thumbs and wear diapers forever, whose parents worried so much about their "needs," grew up into hippies, yuppies and other monsters of self-indulgence.

"They needed a whipping post," Dr. Brazelton said of the critics. "I think he caught a lot of flak. If he hadn't, someone else would have gotten it."

Actually, the doctor never advocated a lifetime of thumb-sucking. "He was not a progressive lunatic," the author Anne Roiphe said. She and her friends, raising children in the '60s, paged through Dr. Spock over and over. Roiphe

grew up pre-Spock, when the advice from the experts was to keep babies firmly scheduled and not indulge them with kisses and attention.

"I was raised being picked up every four hours and then left to scream in between times," said Roiphe, author of "Frustrated: A Real Mother in the Modern World."

"Suddenly, we understood there was a way of creating a mutual bond between the mother and the child that didn't involve discipline and order and control in the same way. It isn't that I think we did everything perfectly, but there was a vast improvement from the '30s, and it's an improvement I value very much."

"What he did do was understand that child development included a slow development of control over instincts. Spock, in a sense, was Freud's popularizer. I think the world would have been a much sadder, more rigid, less interesting place without him."

That a baby doctor could arouse such gratitude and such passionate attacks — and that he could be seen as one of the main forces behind the cultural history of his time — only reflects how much power we believe resides in experts of any kind.

Like us, Dr. Spock tried to find the balance between understanding and discipline. Ann Hulbert, who is writing a history of 20th-century child-rearing experts, pointed out in an article in The New Yorker in 1996 that Dr. Spock revised and refined his advice many times, attempting to keep up with changes in family structure and expectations, and to respond to criticism.

Are those of us raised on Dr. Spock and his followers better off for being understood, for being hugged and kissed and allowed to nurse on demand? Each Spock baby will have to answer that one for himself. But we do know that the man

liked kids and he liked parents. It is there in his books — and to receive such affection as a reader is to receive a gift.

Dr. Brazelton remembers walking once with Spock on a mountain in Puerto Rico. They came across a beautiful pool, cool and enticing. But a sign said that only guests at a particular hotel could swim there.

"We were all so hot and dying to swim," Dr. Brazelton said. But then a man recognized the 6-foot-4 pediatrician. "The keeper of the pool came out and said, 'Dr. Spock! You helped me raise my 13 children! Of course you can swim!'"

He was as welcome a guest in that pool as he was in our lives.

## PEOPLE

THE satire "Popcorn," which was written by Ben Elton of Britain and takes aim at the violence in Hollywood films, won seven nominations for this year's Moliere theater awards in France, including those for best producer and best new play. Right behind it was "Andre le Magnifique," a collective production that was nominated six times. The Italian playwright and Nobel Prize winner Dario Fo will preside over the awards ceremony on April 6.

The French painter Balthus, 90, has gone home from the hospital. Balthus Klossowski, one of the few living artists to have been honored with an exhibition of his work in the Louvre in Paris, was taken to a hospital at Saanen, Switzerland, on March 6, where a hospital source said he was suffering from a "treatable acute condition" and was "improving."

The comedian Al Franken has blurred the lines between news, entertainment and politics with his new sitcom "Late Line." The show is a '90s mix of "The Mary Tyler Moore Show," "Murphy Brown" and "Nightline" with a sense of humor.

Johnny Paycheck is ready to hit the stage. Thirty pounds lighter after a six-week stay in a hospital for an

asthma attack, the country singer is scheduled to appear at an annual Easter Seals auction in Nashville, Tennessee, and then perform at the Grand Ole Opry. Paycheck, 59, suffered the attack on Jan. 8. His weight is down to 157 pounds.

Dana Reeve wants to be more than her husband's nurse. She wants to get her own acting career in gear. "People come up to me in elevators to tell me how much they admire me," she said. "I'm a very famous wife — but I'm still plodding along in my career." She is now appearing in "Good Will," a play based on a Jane Smiley novel about a young couple who move to Amish country. After her husband, Christopher, was paralyzed from the neck down in a horse-riding

accident in 1995, she spent six months learning how to care for him. "We both felt it was important for us to remain a couple," she told the Daily News in New York. "I didn't want to be just his nurse."

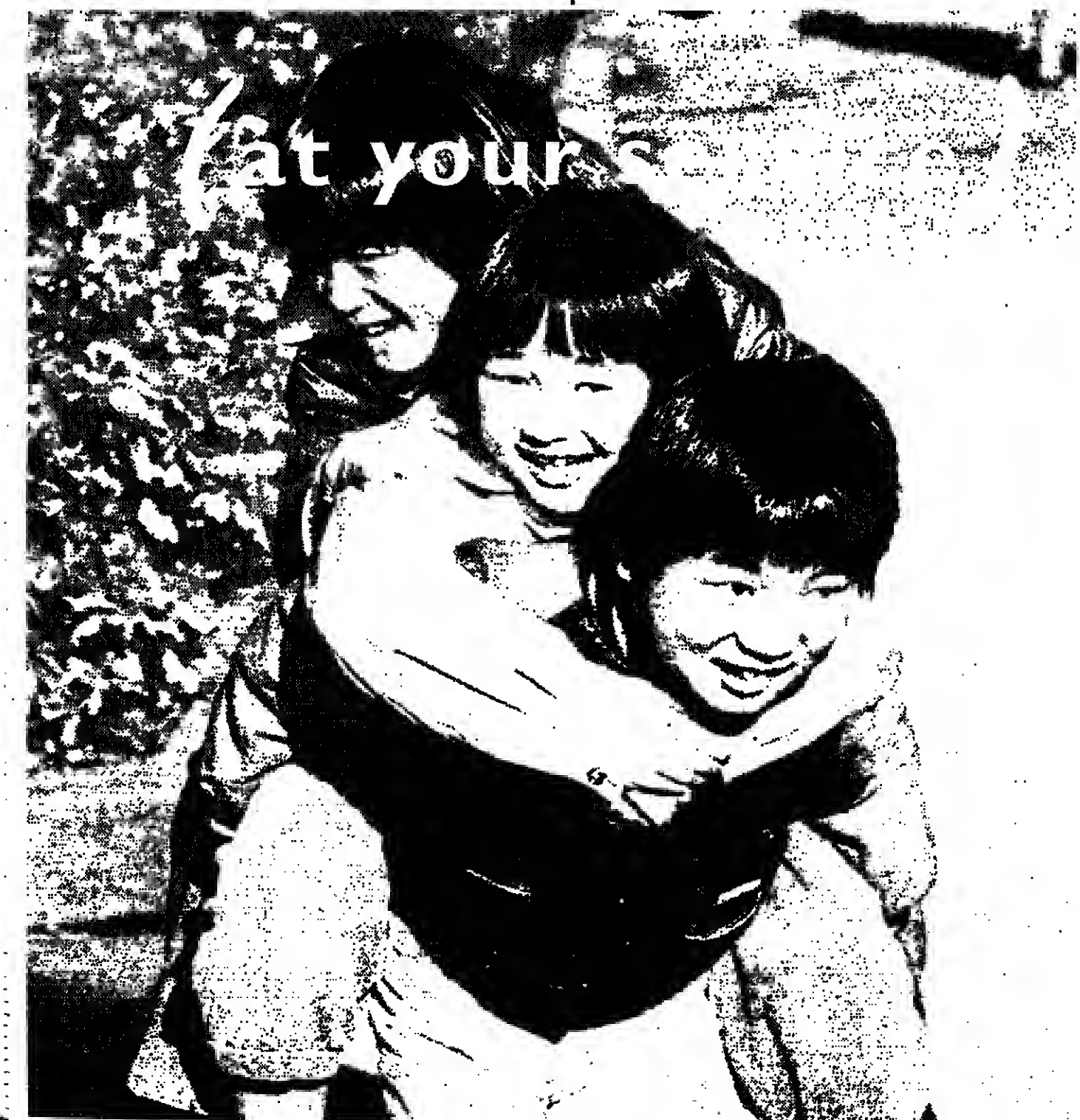
More than 20 years after hanging up his guitar, the artist formerly known as Cat Stevens has surfaced to promote an album he helped record for victims of the war in Bosnia-Herzegovina. Yusuf Islam, as he is known now, wrote two songs on the album but sings only one, "The Little Ones." He said in London that the album was "a reminder of the place that music plays in the life of a Muslim, and, indeed, in everyone's life." He plays no guitar on the album. "I don't feel like it. I'm much more of a poet."

The first novel about the life and death of Diana, Princess of Wales, is about to hit British bookstands. "The Ways of Gentleness," written by a psychotherapist under the pseudonym Elizabeth Vickers, is being published by HarperCollins and fictionalizes the princess's story by renaming the people involved, the Daily Telegraph reports. The publishers say the book is a "serious and sensitive" work. But the newspaper also reports that it detected similarities in style with installments of a romantic spoof that is appearing in the satirical magazine Private Eye.



WHO'S WHO? — Philippe Candeloro, the French figure skater, unveiling his doppelgänger, front, at the Grevin wax museum in Paris.

John Paycheck is ready to hit the stage. Thirty pounds lighter after a six-week stay in a hospital for an



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		Spain	900-99-00-11
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Foreign Ministry  
Checked in China  
Pragmatists  
Economic Policy  
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S Hopes for  
Oil Prices Pl  
Lowest in Dec  
By Martha M. Hamilton  
WASHINGTON — With oil prices at the lowest price in a decade, the past century by the Asian economies driven crude oil to its lowest price in some parts of the United States a dollar a gallon — the lowest price ever — and experts say the price of cheaper oil reverberates for months to come. Some say a consumer and American economy will be a little in oil prices and the price of fuel, and all of the items affected by lower oil and energy prices. That includes, eventually, the price of many goods Americans buy in the global market for a country that has the largest Russian oil company. The gains, Reuters reported. The price of oil production is more dangerous than the stock crisis in Asia.

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Standard Prices  
1000 BD Malta... 55¢  
1000 BD Nigeria... 1200 CR  
1000 BD Oman... 1250 CR  
1000 BD Qatar... 1000 CR  
1000 BD Rep. Ireland... 1000 CR  
1000 BD S. Africa... 1000 CR  
1000 BD U.A.E... 1000 CR  
1000 BD U.S. M.L. (Est.)... 1000 CR  
1000 BD Zimbabwe... 1000 CR